S. Hrg. 100-581

OVERSIGHT OF LEGISLATION ESTABLISHING THE POSITION OF UNDER SECRETARY OF DEFENSE FOR ACQUISITION

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

SEPTEMBER 22, 1987

Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE
81-702 WASHINGTON : 1988

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S201-17

COMMITTEE ON ARMED SERVICES

SAM NUNN, Georgia, *Chairman*

JOHN C. STENNIS, Mississippi
J. JAMES EXON, Nebraska
CARL LEVIN, Michigan
EDWARD M. KENNEDY, Massachusetts
JEFF BINGAMAN, New Mexico
ALAN J. DIXON, Illinois
JOHN GLENN, Ohio
ALBERT GORE, Jr., Tennessee
TIMOTHY E. WIRTH, Colorado
RICHARD C. SHELBY, Alabama

JOHN W. WARNER, Virginia
STROM THURMOND, South Carolina
GORDON J. HUMPHREY, New Hampshire
WILLIAM S. COHEN, Maine
DAN QUAYLE, Indiana
PETE WILSON, California
PHIL GRAMM, Texas
STEVEN D. SYMMS, Idaho
JOHN McCAIN, Arizona

Arnold L. Punaro, *Staff Director*
Carl M. Smith, *Staff Director for the Minority*
Jeffrey H. Smith, *General Counsel*
Christine Cowart Dauth, *Chief Clerk*

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

Page

Godwin, Richard P., Under Secretary of Defense for Acquisition 20
Taft, William H., IV, Deputy Secretary of Defense, Department of Defense....... 146
Appendix I, DOD 5000.1/.2/.49 Audit Trail*:
  Tab A—Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 3 August 1987, SUBJ: Proposed DoD Directive 5000.49, "Defense Acquisition Board" 176
  Tab B—Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 3 August 1987, SUBJ: Proposed DoD Instruction 5000.2, "Defense Acquisition Program Procedures" 184
  Tab C—Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 9 July 1987: SUBJ: DoDD 5000.1 "Major and Non-Major Defense Acquisition Programs" 323
  Tab D—Old DoDD 5000.1 dated 12 March 1986, Major System Acquisition 330
  Tab E—Draft Charter for Defense Acquisition Board dated 16 March 1987 344
  Tab F—Draft DoDD Directive on Major and Non-Major Defense Acquisition Programs 349
  Tab G—Draft DoD Directive on Major and Non-Major Defense Acquisition Programs dated 7 August 1987 360
  Tab H—New DoDD Directive 5000.1 dated 1 September 1987, Major and Non-Major Defense Acquisition Programs 371
  Tab I—New DoDD Directive 5000.2 dated 1 September 1987, Defense Acquisition Program Procedures 382

---

* Submitted by Mr. Godwin on September 29, 1987.

OVERSIGHT OF LEGISLATION ESTABLISHING THE POSITION OF UNDER SECRETARY OF DEFENSE FOR ACQUISITION

TUESDAY, SEPTEMBER 22, 1987

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:04 a.m., Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Levin, Bingaman, Dixon, Glenn, Gore, Wirth, Warner, Thurmond, Quayle, Gramm, and McCain.

Staff present: Arnold L. Punaro, staff director; Patrick A. Tucker, minority counsel; and Andrew S. Effron, counsel; Gerald K. Bankus, Jonathan L. Etherton, John J. Hamre, Ronald P. Kelly, James R. Locher III, David S. Lyles, Michael J. McCord, and Sherri Wasserman Goodman, professional staff members; Kathleen L. McGuire, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Greg Weaver, assistant to Senator Levin; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Bob Griffith, assistant to Senator Wirth; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Dale F. Gerry, assistant to Senator Cohen; Henry D. Sokolski, assistant to Senator Quayle; Jay L. Kriss, assistant to Senator Wilson; Alan Ptak, assistant to Senator Gramm; and Patrick A. Putignano, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The Armed Services Committee will come to order.

We meet today to receive testimony on the effectiveness of legislation enacted last year creating the position of Under Secretary of Defense for Acquisition. That legislation implemented one of the key recommendations of President Reagan's Blue Ribbon Commission on Defense Management.

The Commission, which has been known as the Packard Commission, diagnosed the acquisition system as "fundamentally ill" and concluded "chances for meaningful improvement will come not from more regulation, but only with major institutional change."

The Packard Commission was headed by Dave Packard, formerly Under Secretary of the Department of Defense, and it had many, I think, outstanding members from both political parties and from previous administrations.

This Commission described the Department of Defense's management as "fragmented," primarily due to the "absence of a single senior DOD official working full time to provide broad supervision of the acquisition system." To remedy this deficiency, the Commission declared: "It is fundamental that we establish unambiguous authority for overall acquisition policy."

The Commission recommended "creation by statute of the new position of Under Secretary of Defense for Acquisition, with full time responsibility for managing the defense acquisition system."

The Packard Commission recommendations were warmly embraced by President Reagan and also endorsed by Secretary Weinberger. Last year we adopted this recommendation and we established in law the Under Secretary's position. In fact, our committee under the leadership of Senator Dixon and Senator Bingaman, was in the forefront of these changes.

Richard Godwin, who will testify before our committee today, was nominated by President Reagan and confirmed by the Senate as the first Under Secretary for Acquisition. Less than a year later, it appears that the high expectations that we had for the new office are not being fulfilled. This morning we will hear from Mr. Godwin so that we can learn why these expectations have not been fulfilled.

I know there has been some progress made and we are interested in learning about that progress, as well as the problems encountered.

During Senator Bingaman's hearings last March, the Subcommittee on Defense Industry and Technology received disturbing evidence that this position was not receiving the support needed to implement the recommendations of the Packard Commission.

As a result of that hearing and efforts by our colleagues in the House of Representatives, some of the more onerous limitations on the authority of Mr. Godwin and the new position he undertook were removed. Some of the impediments were removed, but the underlying problems apparently were not cured.

In the last month there have been numerous stories in the news media about difficulties faced by the Under Secretary in fulfilling his responsibility to carry out the recommendations of the Packard Commission. This hearing is designed to move the issue away from innuendo and speculation and to focus attention on the specific recommendations of the Packard Commission and the manner in which the Department has implemented these recommendations.

In my judgment, the issue is not people or personalities, but the specific rules, regulations, and charter of the Under Secretary of Defense for Acquisition. The relationships among the Secretary of Defense, the Deputy Secretary, and the Under Secretary for Acquisition naturally will vary based upon the particular individuals who may occupy these positions at any one time.

What should not vary is the basic authority of the Under Secretary to manage all aspects of the acquisition process, subject only to the control of the Secretary of Defense or the Deputy when acting for the Secretary.

Several days after Under Secretary Godwin accepted our invitation to testify on the implementation of the Packard recommendations, he advised us that he had submitted his resignation and that it would be accepted in a matter of days.

We then asked the Department of Defense to provide a Department witness, and they advised us that Deputy Secretary Taft would be willing to testify. We asked Mr. Taft. We gave him an opportunity to testify last Friday. We gave him an opportunity to testify yesterday afternoon. We gave him an opportunity to testify simultaneously with Mr. Godwin.

To date, none of those dates were convenient for him. I know he is very busy, and I have assured him—I just talked to him on the telephone with Senator Warner—that he would be given a chance to testify after this testimony.

So there is no doubt about the fact that we will hear from Mr. Taft. I had hoped that it would be simultaneous, but he preferred it not be.

Mr. Godwin, as you conclude your services to the Department of Defense, we wish you the best in the future. We are grateful to you for your willingness to share with us your observations as the initial Under Secretary of Defense for Acquisition.

You obviously attempted to challenge the status quo and change the system, and you are to be commended for your efforts. I know some progress has been made, and we would like to hear from you on that progress.

We also want to hear candidly from you about the problems, because we have got to evaluate those to determine if further legislation is warranted.

One of the reasons we are having this hearing this morning is that we felt it was essential to do it while the defense authorization bill is pending because we may have recommendations to make to the Senate about possible changes in the law, and we can only do that while we still have the defense authorization bill pending.

Senator Exon is handling the committee business on the floor right now, but I may have to go back and forth there, and I know Senator Warner also may have to go to the floor. I have asked Senator Bingaman to preside here in my absence when I do have to leave from time to time.

Senator Warner.

Senator **Warner**. Mr. Chairman, I must say I am very disappointed that we have tried to hold this hearing so abruptly, and hold it at a time when we are on the floor. At this very minute, we are expected to address an amendment, and it makes it extraordinarily difficult for me, and indeed other colleagues, to be present in two places at the same time.

I must respectfully dispute your thesis, Mr. Chairman, that we must have this hearing now because this bill is on the floor. I share with you the concerns of many of this committee that we should address the issues of acquisition, and to the extent the Department has tried to conform with the law and the recommendations of the Packard Commission.

However, it is my understanding that this committee was in the process of scheduling a series of hearings this fall to address that issue and that a number of chief executive officers have come in to consult with members of this committee to set an agenda, to frame a series of issues that should be addressed in the hearings.

That is an orderly way to go about the business. Now, if it was so urgent to have this hearing while the bill is on the floor, why did we not either stop the bill and go to these hearings on acquisition or do the bill and then later address the hearings on acquisition?

It seems to me we are trying to do too much at the same time.

Chairman **Nunn**. A brief reply. I decided around May, and reaffirmed that in June or July, I was not going to do anything to stop this bill. There were too many other people doing that for us.

Senator **Warner**. I understand that, for valid reason. But if we are going to have a composite of testimony in terms of the problems—and indeed, I hope that we can show some positive steps taken by the Secretary of Defense and others—it is best to have them all together and not just shoot out and grab one witness and then sit back.

How can we address on this bill issues that this witness, and indeed perhaps Secretary Taft, might raise, and then not have the benefit of the wisdom of other witnesses that will come up for a series of hearings some time subsequent to final action on our bill?

Chairman **Nunn**. Well, I think it is apparent that we need to hear from Deputy Secretary Taft before we do any legislating. I am not advocating any legislation, but I do think this was the heart of the Packard report. There is no getting around it.

When the President had Dave Packard in his office, he said: I agree with the recommendations of the Packard Commission; we are going to implement them. This is the heart of the Packard report.

I guess all of you recall—I know Senator Quayle does—we had a tremendous amount of legislation. Everybody had a solution to the procurement problem. We deferred most of it because of the Packard report and we wanted to give it a chance to work.

I know all of us recognize what is going to happen if we do not have a hearing on this subject. We are going to have news reports, we are going to have interviews all over. We will not know what the real facts are. We will not have an orderly forum, and we will have amendments on the floor.

This committee does not control the amendment process. Every Senator has the right to have amendments.

So my answer, Senator Warner, is I would prefer for it to come up in an orderly way. I think your suggestion that that would be desirable is in order and I think it is appropriate, but I think it is out of sync with the reality of the situation.

We had to go ahead with this hearing before we finish the defense bill because this is one of the key recommendations of the Packard report. I hope we do not have to have legislation. Perhaps it is just simply a management problem.

But if we do have to face legislation, we have to know the facts now.

Senator **Warner**. Mr. Chairman, you and I did speak with the Deputy Secretary of Defense Will Taft a moment ago, and in my judgment it is inconclusive as to why he is not here today.

I would at this time ask that part of the record of today's proceedings be his testimony before the House of Representatives on the very issues that this witness is going to address. I ask now that the clerk duplicate sufficient copies of this testimony so that those from the media present have the benefit of that testimony.

Chairman **Nunn**. Without objection, the Taft testimony last week before the House will be made a part of this record. And without objection, the clerk will carry out the order.

[Deputy Secretary Taft did not submit a written statement to the House Armed Services Committee. His testimony will be available in the record of that hearing which will be printed by the House Armed Services Committee.]

Senator **Warner**. I understand further that this witness elected—perhaps you can clarify, Mr. Godwin—elected to go before the House in closed session and to reserve open testimony for today. I hope you will address that issue.

I ask a further question: If your resignation has not been accepted and therefore you remain at this moment a member of the administration, would you advise us whether or not the testimony you are about to give has been cleared through the Department of Defense or whether you are up here under some other procedure with which we are not familiar?

Chairman **Nunn**. May I add an amendment to that, Senator Warner? I would certainly be glad for the witness to answer that. I think he should make it clear whether he is speaking for the Department or on his own personal views.

But in every confirmation hearing we have before this committee, we ask every nominee in the Department of Defense if, when called, will he or she come before this committee and testify truthfully, and if when requested to give his or her personal views, will that witness give his or her personal views.

So Mr. Godwin, we are asking you to come forward, either as a Defense Department official or as a citizen, whichever the case may be, and we are asking for your personal views.

Senator **Warner**. In no way are we trying to suggest that he cannot come forward. I sat in that chair many times as a witness and also made similiar representation when I was in the Department of Defense, and I am very familar with that procedure.

Indeed, it is a vital part of the business of this committee to have available at any time the personal views of the witness. But there is a procedure in the Department of Defense, and I am anxious to learn the extent to which that has been complied with.

Mr. Chairman, I think there may be others here who want to speak before the witness makes his testimony.

Chairman **Nunn**. The Senator from Arizona.

Senator **McCain**. Thank you, Mr. Chairman.

I am a little bit confused as well as to why there is such haste in holding this hearing. But first of all, I would like to say that there is no good time to have a hearing. I cannot imagine a worse time in the last 6 months.

We have got our own bill on the floor in the Senate. I have heard numerous complaints from the majority leader that there are not enough people there to propose amendments. If the members of this committee are supposed to be hearing this very important testimony, I do not see how we can be two places at once.

Today, in less than 45 minutes President Arias of Costa Rica is going to address the House of Representatives, and all Members of the United States Senate have been invited, to address the crucial issue of peace in Central America. I have to be at that speech and I would suggest that it is incumbent upon most of us to be there.

And I feel it is at a very inappropriate time.

Also, if I heard your statement right, Mr. Chairman, you said Mr. Taft preferred not to be here simultaneously with Mr. Godwin. That is not my understanding.

It is my understanding that he has a scheduling conflict and is unable to be here. In fact, I think it would certainly serve the interest of his point of view to be here at the same time as Secretary Godwin, and I am sorry in our haste to have this hearing that he is unable to be, since in the sense of fairness I think it would dictate that an opposing point of view be presented.

Chairman NUNN. He was offered that opportunity, Senator McCain, and we had two different dates. We were going to have this hearing last week and he was offered the opportunity then.

And I must inform you, there has been an awful lot of effort all of last week to keep this witness from appearing at all. I think we have every right to hear from this witness and I think we have a duty to hear from this witness.

I note the objections, but I must say that I do not agree with them.

Senator WARNER. Mr. Chairman, you have raised a point. If someone tried to obstruct this witness' appearance, do we have any evidence as to who that might have been?

I had a long series of—not a long series, but a long conversation with the witness. I have no knowledge of anyone trying to obstruct his appearance. Perhaps that should be clarified.

Chairman NUNN. Senator Warner, I think you know much more about that than I would. I just said that I had heard that he was being discouraged in every way from appearing. That is my understanding.

I am not using the word "obstruct." I would not use that word. While I have not used it, I do think that there are a lot of people who do not want him to appear before this committee. I think that happened all last week. Obviously it happened this morning.

Senator WARNER. I told the witness, and I continue to be of this opinion, that in my judgment his contribution could have been more valuable if it were to be examined in the context of the contribution of other chief executive officers from across this country who are going to come before this committee as a part of a series of hearings, so we can balance your judgment alongside the judgments of others.

Therefore, I did not in any way try to obstruct his appearance, but I did suggest that it would be more valuable to this committee and to the Senate as a whole to have this testimony at a time when it could be examined along with others.

Now, I did not use the word "obstruct."

Senator MCCAIN. If I might finish my statement. If the chairman does have evidence that there have been people that have tried to prevent this witness—I believe that was the chairman's word, "prevent"—then I think this committee, certainly this member, deserves to have that information as well.

I think it is a very serious charge if any individual is trying to obstruct the will of Congress by preventing a witness from appearing before us as representatives of the American people.

Chairman NUNN. Let us put it this way. There were several people in the administration and otherwise who preferred he appear several months from now.

What difference does it make? If we are in a hurry to hear Central American testimony, I think we ought to move on. We have got the witness here. He is ready to testify. He has come forth voluntarily in good faith. We have a legitimate hearing.

Nothing is being held up on the floor. We have a time agreement on the amendment. The amendment will be debated for a while. It is being debated now. So I do not know what the problem is.

Senator MCCAIN. I am sorry for consuming so much of the committee's time. I would like to be on the floor to be involved in that debate, Mr. Chairman. Perhaps you do not. It is an important amendment.

I appreciate the indulgence of the chairman and the committee. Thank you.

Senator QUAYLE. Very briefly, I just presume that the reason for having the hearings now is, as the chairman said at the outset, is that perhaps we might have to look at some sort of a legislative amendment.

I would beg the indulgence of this committee that as we ask these questions and find out very specifically what problems are with the Packard Commission report—because I can tell you, and Senator Levin knows this, we spent with the House of Representatives an unbelievable amount of time on all these issues.

And if there is some minor thing, so be it. But I would really be very reluctant, even though it may be, you know, a good time to talk about things like this, I would be very reluctant from a substantive basis to go back in and try to rewrite what we did last year.

I mean, we heard——

Senator WARNER. Based on the testimony of our witness.

Senator QUAYLE. We heard a lot of testimony. It took a lot of time. And the chairman knows full well that one of the last issues that was resolved in the last 2 years was procurement.

I really hope that we think long and hard before we go down that route again, to try and open that thing up and change the words. What was it, the debate that we had was on "direct and supervise." We must have spent 6 hours at a minimum just in the conference arguing on that. I do not know how many hours we spent in this committee, just on that one phrase.

So if people have this idea that there is some quick fix around here, I am going to strongly disagree. I do not think there is a quick fix.

I would be glad to hear what he has to say and some of the specifics that perhaps are not being implemented. And I think it is not going to be a statutory process problem, but we are going to look at some of the people that are involved.

And I really caution this committee on going pell-mell ahead, and I think that is the reason we are probably having these hearings, so it can be the justification on the floor: Well, we heard from Mr. Godwin, now we have to do this.

Be careful, because you are going down—Senator Dixon agrees with us, too. You know, they are not easy issues to put in the statutory language, and I am giving you my personal reluctance at this juncture to go down that route again. I have been there and it is a long, tough fight.

Chairman NUNN. I think your word of caution is in order. I think any legislation in this area has to be carefully weighed and assessed. If we do not have this hearing, and if we get amendments on the floor, we are not going to be prepared to deal with them at all.

I do not in any way take lightly what you said. And I know, Senator Quayle, you have spent an enormous amount of time on these issues.

The Senator from Illinois.

Senator DIXON. Mr. Chairman, for precisely the reasons stated by my friend from Indiana, I would like to make a statement as a sponsor of the legislation providing for the position of Under Secretary for Acquisition that presents my point of view at the outset of this hearing.

Mr. Chairman, over a week ago I took the floor of the Senate to express my profound concern and genuine alarm at the apparent disregard by the Secretary of Defense and the Deputy Secretary of Defense for the legislation passed during the last Congress establishing the position of Under Secretary of Defense for Acquisition.

Just last year, Mr. Chairman, the Congress approved my amendment which created the position of the Under Secretary for Acquisition. As my colleagues know, for the past several years the Congress has been very actively involved in a number of procurement reform efforts.

I am pleased to have the original author of many of the provisions in the 1984 Small Business and Federal Procurement Competition Enhancement Act and the 1984 Department of Defense Procurement Reform Act.

We continued to scrutinize defense procurement practices in 1985 and 1986. These efforts were focused primarily on ways to increase competition for and reduce barriers to greater participation in the $185 billion in goods and services that the Department of Defense purchases annually.

The changes we made to the procedures for DOD purchases, while appropriate, were not in and of themselves sufficient to reduce the problems of defense procurement. I felt that we also had to address the organizational policy structure within the Department of Defense.

The procurement authority of the Defense Department was highly decentralized and made it nearly impossible to achieve an effective and efficient acquisition system. Our committee's own staff report, "Defense Organization: The Need for Change," issued by you, Mr. Chairman, and our former chairman Senator Goldwater, highlighted four problem areas with the acquisition organization. These were:

One, an insufficient assured connection between national military strategy and formulation of military requirements;

Two, failure to achieve feasible and desirable levels of military equipment commonality;

Three, weak management of and general resistance to joint programs;

And four, lack of effective Departmental coordination of acquisition.

The Packard Commission's February 18, 1986, interim report stated:

> The responsibility for acquisition policy has become fragmented. There is today no single senior official in the Office of the Secretary of Defense working full time to provide overall supervision of the acquisition system. In the absence of such a senior OSD official, policy responsibility has tended to devolve to the services, where at times it has been exercised without the necessary coordination or uniformity.

Mr. Chairman, this committee followed the Packard Commission's advice. We established the position of Under Secretary of Defense for Acquisition, with explicit responsibility for all procurement policy within the Department and with the authority to approve the plans and specifications for all major systems before any of them were approved for startup, development, or production.

And most importantly, we made the USD(A) the acquisition executive for the Department of Defense. But, as we have recently learned, the position of USD(A) apparently has no real day to day authority to direct the services to implement a uniform DOD acquisition policy.

Now why? Because the services do not perceive the USD(A) as having any real clout. Mr. Chairman, in my state of Illinois clout means power and authority. We have passed a law giving the Under Secretary the authority, but the Secretary of Defense and the Deputy Secretary of Defense seem to have undermined that law we passed just 1 year ago.

Mr. Chairman, on February 10 the Secretary of Defense issued Department of Defense Directive 5134.1, which designated the responsibilities of the Under Secretary of Defense for Acquisition.

Mr. Chairman, I ask that a copy of this directive be placed in the record. The directive indicated that the USD(A) shall: "Direct the Secretaries of the Military Departments and heads of other DOD components on policy, procedure, and execution of the acquisition system."

It also says that: "This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes."

Yet, before the ink was dry on this directive, Deputy Defense Secretary Taft told Mr. Godwin he could not direct the top procurement officials in the military services to report to him. What Mr. Godwin wanted is what the Congress wanted: a uniform acquisition system.

David Packard, the chairman of the President's Blue Ribbon Commission on Defense Management, sent the President a letter on July 10 of this year detailing the progress within the Defense Department in implementing the Commission's early recommendations.

That letter points out that organizationally much has been accomplished. However, Mr. Packard points out that they could not say the same for "the implementation of the acquisition policy changes we recommended." And he states further: "The Under Secretary of Defense for Acquisition has not been given adequate authority."

Chairman, I ask that a copy of Mr. Packard's letter be placed in the record.

Chairman NUNN. Without objection, both of those documents will be entered into the record.

[The material referred to follows:]

[News release, Washington, DC, Feb. 10, 1987]

SECRETARY OF DEFENSE ISSUES CHARTER FOR THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Secretary of Defense Caspar W. Weinberger today issued DOD Directive 5134.1, which assigns the responsibilities, functions, and authorities of the Under Secretary of Defense (Acquisition). The position is currently occupied by Mr. Richard P. Godwin.

This is the final step in fulfilling one of the key findings of the President's Commission on Defense Management, which recommended that all DOD acquisition management functions be consolidated under a single top-level DOD official reporting the Secretary of Defense.

The charter provides that the Under Secretary of Defense (Acquisition) shall serve as the Defense Acquisition Executive, the DOD Procurement Executive, and the principal assistant to the Secretary of Defense for acquisition management. As such, he will supervise all matters within the Department of Defense relating to the acquisition system, including: research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement.

DEPARTMENT OF DEFENSE DIRECTIVE

FEBRUARY 10, 1987.

Subject: Under Secretary of Defense (Acquisition).

A. PURPOSE

This Directive cancels reference [1] and, pursuant to reference,[2] assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. *Department of Defense Acquisition System.* A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.
2. *DOD Components.* The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense (OIG, DOD); Defense Agencies; and DOD Field Activities.

C. RESPONSIBILITIES

The *Under Secretary of Defense for Acquisition* (USD(A)) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the acquisition system; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement.

---

[1] DOD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled).

[2] Title 10, United States Code.

1. The *USD(A)* shall:

a. Serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DOD acquisition system in accordance with the policies, provisions, and authorities contained in DOD Directive 5000.1 [3] and Office of Management and Budget (OMB) Circular No. A-109; [4]

b. Develop policy for acquisition plans and strategies, validate program acquisition requirements, and develop acquisition program guidance;

c. Set policy for acquisition matters, including contracting, research and development, production, construction, logistics, developmental testing, procurement, and training and career development of acquisition personnel;

d. Set policy for administrative oversight of defense contractors;

e. Serve as the DOD Procurement Executive, with responsibilities as prescribed in Executive Order (E.O.) 12352 [5] and 41 U.S.C. 401-419; [6]

f. The IG, DOD shall coordinate audit an oversight of contractor activities with the USD(A) to prevent duplication of effort within the Department and unnecessary duplicative oversight of contractors.

g. Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference. Develop memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters; and

h. Chair the Defense Acquisition Board (DAB) assisted by an integrated structure of councils and committees that relate to the acquisition process.

2. For each assigned area, the *USD(A)* shall:

a. Direct planning and special studies to analyze and evaluate the techical, economic, and military worth of programs in the acquisition system;

b. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DOD plans and programs;

c. Develop systems and standards for the administration and management of approved DOD acquisition plans and programs;

d. Develop plans, programs, actions, and taskings to ensure adherence to DOD policies and national security objectives, and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization, consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States and its allies;

e. Review and evaluate recommendations on requirements and priorities;

f. Review and evaluate DOD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance;

g. In conjunction with the Assistant Secretary of Defense (Comptroller) (ASD(C)) and Director of Program Analysis and Evaluation, review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs;

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities;

i. Promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside the Department of Defense;

j. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense;

k. Develop and maintain information management and reporting systems; and

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

---

[3] DOD Directive 5000.1, "Major System Acquisitions," March 12, 1986.

[4] Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976.

ERR14[5] Executive Order 12352, "Federal Procurement Reforms," March 17, 1982.

ERR14[6] Title 41, United States Code, Section 401-419, "The Office of Federal Procurement Policy Act," as amended.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Developmental test and evaluation, as defined in DOD Directive 5000.3,[7] and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, logistics support, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the North Atlantic Treaty Organization (NATO) Infrastructure program.

E. AUTHORITIES AND RELATIONSHIPS

1. The USD(A) shall take precedence in the Department of Defense on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

2. The USD(A) shall direct the Secretaries of the Military Departments and Heads of other DOD Components on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation that reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DOD Components.

4. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution.

5. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

(4) Acquisition-related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) The Assistant to the Secretary of Defense (Atomic Energy);

(6) The Director of Small and Disadvantaged Business Utilization; and

(7) The Defense Advanced Research Projects Agency, the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, the Defense Nuclear Agency, and the Defense Systems Management College.

b. Provide technical guidance for utilization of the Electromagnetic Compatibility Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and utilization of Federally Funded Research and Development Centers (FFRDCs).

---

[7] DOD Directive 5000.3, "Test and Evaluation," March 12, 1986.

d. Use existing facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

6. The USD(A) shall also:

a. Issue DOD Instructions, DOD publications, and one-time directive-type memoranda, consistent with DOD 5025.1-M,[8] that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to Unified and Specified Commands shall be issued through the Chairman of the Joint Chiefs of Staff (CJCS).

b. Obtain reports, information, advice, and assistance, consistent with DOD Directive 7750.5,[9] as necessary in carrying out assigned functions.

c. Communicate directly with the Heads of DOD Components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the CJCS.

d. Establish arrangements for DOD participation in nondefense governmental programs for which the USD(A) is assigned primary DOD cognizance.

e. Communicate with other Government Agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

f. Coordinate and exchange information with other OSD and DOD officials exercising collateral or related responsibilities.

g. Exercise the delegations of authority contained in enclosure 2 to this Directive.

7. Other OSD officials and Heads of DOD Components shall coordinate with the USD(A) on all matters related to authorities, responsibilities, and functions assigned in this Directive.

F. EFFECTIVE DATE

This Directive is effective immediately.

William H. Taft, IV,
Deputy Secretary of Defense.

Enclosure.

Delegations of authority

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DOD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to exercise, within his assigned responsibilities and functional areas, all authority of the Secretary of Defense derived from statute, executive order, and interagency agreement, except where specifically limited by statute or executive order to the Secretary of Defense, to include but not limited to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DOD Directive 4405.6, July 8, 1986).

2. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804—an Act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

3. Make Secretarial determinations, justifications, and approvals of behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under Title 10, United States Code, with the authority to redelegate to the Directors of those Agencies, as appropriate.

4. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

5. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain

---

[8] DOD 5025.1-M, "DOD Directives System Procedures," April 1981, authorized by DOD Directive 5025.1, October 16, 1980.

[9] DOD Directive 7750.5, "Management and Control of Information Requirements," August 7, 1986.

countries, pursuant to Title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 *et. seq.*), and E.O. 12260, July 26, 1979.

6. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DOD Directive 4160.21, December 5, 1980.

7. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DOD Directive 4160.25, April 30, 1984.

8. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950 (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army.

9. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 3, 1953, as amended by E.O. 12038, February 3, 1978.

10. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DOD Directive 5126.9, June 18, 1979).

11. Act for the Secretary of Defense as the DOD claimant to other designated Executive Departments and agencies for petroleum requirements and allocations in an emergency (DOD Directive 4140.25, May 15, 1980).

12. Exercise all responsibilities and authorities of the Secretary of Defense under Title 10, United States Code, Section 2404 with respect to the acquisition of petroleum.

13. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

14. Make the determination required by Title 50, United States Code, Section 1512(l), concerning transportation or testing of any lethal chemical or any biological warfare agent.

15. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by Title 50, United States Code, Section 1511.

16. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by Section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

17. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

18. Act for the Secretary of Defense to make appropriate supporting determinations and execute leases under Title 10, United States Code, Section 2667.

19. Act for the Secretary of Defense in the implementation of OMB Circular A-76, "Performance of Commercial Activities," as revised, August 4, 1983.

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

HEWLETT-PACKARD COMPANY,
Palo Alto, CA, 10 July 1987.

THE PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: One year ago the Blue Ribbon Commission on Defense Management reported to you its findings and recommendations. Those recommendations were intended to be a framework to assist the Executive and Legislative branches as well as industry in implementing a broad range of needed improvements, both for efficient use of defense funds and for maintaining a strong defense industrial base. At that time you asked that we give you an assessment this year on the extent of progress in implementing the recommendations. We have four major points to make.

First, I am pleased to report that, organizationally, much has been accomplished in the Department of Defense during the past year. Considering the scope and complexity of the problems involved, we believe that an excellent start has been made. Organizational changes that were recommended are now in place to streamline both the national military command structure and acquisition management within the Department of Defense. In this arena Congress and the Executive branch have largely worked with common purpose, and the Goldwater-Nichols Act, your directives, and Defense Department implementation all support a common theme: bringing authority together with responsibility and thus improving accountability, particularly in the important area of military command and control.

The implementation of our recommendations to improve stability in defense programs can, however, receive no such across-the-board approbation. Although the Administration has worked hard to institute a two-year budget process and to increase multi-year contracting, these efforts have met with resistance in important Committees of the Congress, where the attachment to detailed annual reviews remains strong. In addition, for the last three years the actual Congressional appropriations for defense have been significantly less than the amount in the budget forecast made by Congress the previous year. Our recommendations last year stated that more defense can be provided per dollar appropriated within a stable program, sustained and predictable over several years. That stability has not been achieved. Opposition in the Congress to adequate and stable levels of funding for defense—however understandable as part of our normal, vigorous democratic debate over such issues as deficits, spending, and revenues—is beginning to pose serious problems for our long-term national security.

Third, none of the reforms that we proposed and that the government has begun to implement can be effective without able people serving in government. Personnel policy is the keystone of virtually all of these reforms. With able people operating them, even second-rate organizational structures and procedures can be made to work; and without able people, even first-rate ones will fail. Last year an effort was made to obtain a government-wide reform of the Civil Service system. That effort failed. This year we would urge in the strongest possible terms that specific legislation be proposed to ensure that senior civilian acquisition personnel in the Department of Defense—scientists, engineers, contracting officers and the like—can be promoted, paid, and educated adequately. The present system does not even allow for educational criteria for contracting officers. We pointed out last year how the Navy's China Lake experiment had thoroughly tested and pointed the way to a new system for senior career civilians in acquisition.

It is also quite important to implement, with regard to Presidential appointees, the reforms we described that have been set forth by the National Academy of Public Administration. These reforms would make it possible for those with experience in, and understanding of, the relevant industries to serve in acquisition-related jobs in government. Current divestiture rules and their tax consequences and revolving-door legislation virtually prohibit such service for most people who have the relevant types of industrial experience. Continuation of these current constraints on personnel virtually assures a steady downward spiral of competence among civilians involved in acquisition. Under current law and practices, uniformed acquisition managers will not be able to compensate for this deterioration. The implications for national security are profound.

Fourth, although we are impressed with the organizational and procedural steps taken in the Defense Department as noted above, we cannot say the same for the implementation of the acquisition policy changes we recommended.

The Under Secretary of Defense for Acquisition has not been given adequate authority. Policy decisions have been made, for example, that severely undercut the role of contracting officers and the ability of program managers to direct programs successfully. Auditors have been given responsibilities outside their competence and have been afforded a separate chain of command in a way that, in effect, makes them rivals of contracting officers, undercutting the acquisition plan we set forth to you—a plan that was based on strong program offices capable of effective management. This program results both from legislation which gives authority for audit policy to the Inspector General instead of the Under Secretary of Defense for Acquisition, and from Defense Department implementation which assigns to Defense auditors contractual responsibilities previously held by the contracting officer.

A continuing problem is that debarment and suspension of contractors can still be used punitively. Suspension, for example, upon indictment and before conviction, is a clear violation of the principle of the presumption of innocence. Some flexibility is in the process of being implemented, but the new regulations have not yet taken effect.

Finally, the apparent overall policy of increasing contractors' risks—for example, by using firm fixed-price contracts for development of systems—while at the same time reducing their ability to deal with this risk by changes in progress payments and other policies, will lead to reduced contractor investments in capital equipment and reduced Independent Research and Development. We are seeing today the same sorts of acquisition policy mistakes that characterized the enthusiasm for total package procurement in the 1960s—mistakes that produced the bitter contract claims disputes, contract restructuring, and bail-out charges of the 1970s.

The present and future impact of these acquisition policy decisions are a major component of the poor relations between the Department of Defense and industry, and in time could seriously weaken our defense industrial base.

There is one important positive trend in the field of Defense-industrial relations. Significant efforts have been made by industry and the Defense Department in the fields of industry self-governance and voluntary disclosure. These efforts should be publicly endorsed by you and the Secretary of Defense as a foundation on which a new and constructive partnership may be built between government and industry.

I would close on a positive note. Much has been done—in many ways the hardest and most complex parts. What remains to be done can be accomplished with your leadership and, on some issues, with the cooperation of the Congress. Many of the Commission's recommendations may be implemented by regulatory changes, often by eliminating regulations. We would suggest that the Presidential Task Force on Regulatory Reform, chaired by the Vice President, should oversee such implementation. The Task Force should also oversee the drafting of legislation providing for simplified procurement statutes and legislation establishing a preference for the acquisition of commercial products. In addition, we believe that further Presidential direction would be useful in order to provide additional impetus to implementation of the Commission's 1986 recommendations. A detailed list of recommendations which require further action is attached.

Former members of the Commission appreciate the opportunity you have given us to provide this informal, follow-up report. We have every confidence that in the next year, through your leadership, we will see this major effort at improving defense management through to fruition.

Sincerely,

DAVID PACKARD.

Attachment.

RECOMMENDATIONS REQUIRING FURTHER ACTION

The following is a list of specific actions related to the Commission's 1986 recommendations that deserve the highest priority:

1. Work must continue to increase long-term stability in national security planning and budgeting, particularly in providing a more stable Congressional budget process.
2. Legislation to establish an alternate personnel management system for senior acquisition personnel and contracting officers as well as scientists and engineers must be supported.
3. Reforms recommended in November 1985 by the National Academy of Public Administration, and endorsed in our final report, with regard to the senior-level personnel appointment system must be implemented.
4. Actions underway to increase training and professional qualifications of Defense acquisition personnel must be continued.
5. The responsibilities and authority of the new Under Secretary of Defense (Acquisition) must be clarified to ensure that he is the single manager of Defense acquisition policy.
6. The authority of Department of Defense program managers and contracting officers must be strengthened.
7. The entire system of contractor auditing must be reviewed, and modified if necessary, to ensure that audits are cost-effective and that they support the contracting officers.
8. The policy regarding debarment and suspension of contractors must be based on the principle of the presumption of innocence.
9. An integrated Defense acquisiton policy must be developed that matches compensation with risk to the contractor and reverses the current trend toward practices such as making firm fixed-price contracts for systems development and concurrent reductions in progress payments.
10. A national industrial responsiveness policy must be established, and industrial responsiveness requirements must be incorporated in acquisition policy.
11. Actions taken by major defense contractors to subscribe voluntarily to a code of ethics and conduct, and to improve their internal auditing systems, must be continued and publicly endorsed by the President and Secretary of Defense.

12. Relevant recommendations made in the Commission's 1986 final report should be included within the current review of procurement regulations being conducted by the President's Task Force on Regulatory Reform chaired by the Vice President.

13. Greater emphasis must be placed on using commercial products rather than products made to military specifications.

14. Work begun on data rights must be carried through to establish a policy that balances the government's needs with the private sector's proprietary rights.

Senator DIXON. When Congress established the position of Under Secretary of Defense for Acquisition, we intended to centralize and streamline the Defense Department's procurement process by removing unnecessary layers of bureaucracy.

When Mr. Godwin appeared before this committee during his confirmation hearings, I said that his biggest battle would be his relationship with the military services.

Mr. Chairman, as one who has supported responsible Defense spending, I would like to remind everyone that the system needs tough leadership. It is time to send another signal to the secretaries of the military services and to the Secretary and Deputy Secretary, that we in the Congress are not willing to let these reforms fall.

I am determined personally to rectify what presently in my view is an intolerable situation.

And I thank the Chair.

Senator THURMOND. Mr. Chairman, the Bork nomination is under way. I feel it my duty to be there and I want the record to show why I am going to leave.

Chairman NUNN. I thank you for coming by.

Senator GRAMM. Mr. Chairman, let me first say that I feel kind of uncomfortable here, for several reasons. First of all, we have got a classic problem. We have a person who is leaving a job, the job is a highly charged job politically and emotionally because we all feel so strongly about defense procurement.

We all know that we are here because this is a hot political issue and because people want it covered on the media and on television. We have a person who has left a job, but yet is still on the payroll, who is here to speak for himself or the Department, and it is not totally clear which it is.

We have in a sense, I think, in trying to be kind to everybody, a classic problem you have with the disgruntled former employee: Is the problem the relationship of the employee to their former employer or is the problem the position itself?

Now, I do not think that we are telling any stories out of school by saying there are clearly two sides to this story. Quite frankly, I do not feel comfortable getting into the whole thing.

I supported creating this position. I believe in defense procurement reform. I do not think we have touched the surface of what could be done.

But on the other hand, I think our problem here is separating our personalities from the reality of the position we have created and the personalities of the people that are in those various positions and how they work with each other.

I am sure I am not the only member who has heard the other side of this story, a story that has floated around the Pentagon for months concerning a power struggle that was based not just in terms of carrying out legislative authority, but was based on all kinds of petty and picky things.

Our acquisitions czar, for example, in the absence of the $150,000 for removal of asbestos, has requested and spent $258,000 on his own personal office, I am told by our staff. We are all aware of the rumors and debates about whose office should have marine guards.

The point I am trying to make here is not to in any way get into a personal debate, but to make a point.

Senator **LEVIN**. That was obvious. [Laughter.]

Senator **GRAMM**. But to make the following point: that we are going to be here talking about policy with regard to the Department of Defense, and what we have got to determine is our problem here one of personalities, one of difficulty in working together, or one of the power struggles that go on in all organizations or all agencies, or is the problem one of a fundamental problem in the law?

Now, that is what I am concerned with: Is there a problem in the law? And I think it is very important, if we are going to make any decisions about changing the law, that we hear all sides of the issue, that we allow people on the other side to bring the whole sordid matter, if it is, out in the open so that we can look at it.

And quite frankly, I think the timing of this thing is bad, and I suspect that it is going to be very difficult in trying to get to the bottom line and I do not look forward to the process.

Chairman **NUNN**. Thank you very much, Senator Gramm.

I believe we can move on to our witness. Senator Bingaman.

Senator **BINGAMAN**. I just wanted to say, Mr. Chairman, I do not think it is a problem of a disgruntled former employee and I take exception to that. I do think we should get on to the testimony.

I for one greatly appreciate Mr. Godwin's willingness to be here to explain the issues that he feels need to have our attention.

Senator **LEVIN**. Could I have 1 minute? First let me concur with Senator Quayle. I think we ought to be very careful before we talk about amending the statute. I am not sure anyone is talking about amending the statute. I am not sure that is the issue here today.

We battled this thing royally. We had hours and hours of debate around here over two words, as Senator Quayle mentioned, whether we wanted it to read "direct" or "supervise."

And we came down on the side of Godwin's office as having the power to direct in acquisition matters under the jurisdiction of the acquisitions. So we resolved that matter after a long and bloody battle around here.

And my question is whether or not in some way our bill was frustrated in the implementation of the statute? Are there two sides of this issue? You bet there is. The chairman and the ranking member would both agree.

I would like to hear the other side. Where is he? So when you keep repeating that there are two sides to this matter, it kind of dramatizes the point that the other side does not seem to want to appear. Is that not fair?

Senator **McCAIN**. That is not fair.

Senator **WARNER**. If necessary, I will get Secretary Taft over here in 10 minutes to clarify this matter.

Senator LEVIN. I thought he was invited. I withdraw that if in fact he was not.

Senator WARNER. It is my clear understanding he was to be present at the same time to give a balance to this hearing. What has happened is still inconclusive in my judgment.

Senator LEVIN. That is fine. I will modify my comment.

Chairman NUNN. He was invited to appear last week. He appeared in the House last week. He is certainly not reluctant to speak on this subject.

He was invited to appear, I believe, last Friday afternoon. I believe he was invited to appear last Thursday morning. He was invited to appear yesterday afternoon, and he was also invited to appear simultaneously.

Mr. Taft preferred that he follow Mr. Godwin. I said that would be fine with me. So he is planning to appear. There is no reluctance on his part to appear, but he wanted to be able to come afterwards and that is what we have agreed to do.

So it just remains to set a time for his appearance.

Senator LEVIN. I am happy to modify my comment. I missed that in the opening discussion. Obviously there are two sides. We look forward to hearing from Mr. Taft.

One other quick comment. Why we should proceed is because we have got a heck of a lot to learn while the experience is fresh. We ought to take advantage of this while we can.

This is too important an issue to let this thing get stale. We should learn directly from the first person we put in this position as to why it is that this did not work. We ought to hear from the administration, from Taft from his perspective, as to why it is it did not work.

What we know is it did not work. What we know is we wanted it to work. So let us learn about it as quickly as we can.

The best way for that to happen is for me to be quiet.

Senator WARNER. Mr. Chairman, I do not wish to delay it. I do think it is imperative, since we have gotten into this question of whether or not there was an effort to delay this witness' appearance here, that we hear from Mr. Bingaman regarding the schedule he is working on for the hearings and what is involved?

It is against that background, those who want to judge the appearance and the timeliness of the hearing. Would you kindly inform the other members of the committee of knowledge I think I may have, and perhaps others, as to what you have been doing in a very diligent way to set up the series of hearings and the extent to which other witnesses have offered to come forward on these very important issues regarding the acquisition process?

Senator BINGAMAN. Let me take a little exception to the characterization. We do not have any other hearings scheduled on acquisition matters. We have some meetings going forward to try to identify some changes in the acquisition laws that do not deal with organization, and we specifically determined that we would not reopen these issues.

Of course, that was prior to all of this problem arising. But the groups that we have talked to as yet in the defense community and otherwise have not addressed the issue of this office and how it is structured or how it relates to the services. That is not part of our mandate.

So I think this hearing is entirely appropriate in light of the circumstances that have arisen, and I do think it is essential that we go forward.

Senator **Warner**. Do you have with you this morning a copy—I have sent for it and I am going to ask for it to be put in the record, Mr. Chairman—of an internal memorandum listing the names of the CEO's with whom you are discussing these issues?

While we have not scheduled the hearings, I presume that if you learned something from them of the same import and weight that we may learn from this witness that you would schedule the hearings.

Senator **Bingaman**. We will have a hearing, but as I say the subject area we are dealing with does not relate to the organization of DOD to deal with acquisition. It relates more to specific statutes, such as fixed price contracts and some of those issues, and whether we need to amend the statutes and regulations.

Senator **Warner**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner, Senator Bingaman.

Mr. Godwin, it is your turn.

STATEMENT OF RICHARD P. GODWIN, UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Mr. **Godwin**. Thank you very much, Mr. Chairman. Good morning, members of the committee.

I prepared a written statement to submit to the committee and, in the interest of time, I would like to submit it for the record. I think it clearly reflects the situation as it exists today.

Chairman **Nunn**. I do not think we are so pressed for time that we cannot hear that. We think it is an important matter. We think the details are important. We think the law is important, and we think your experience is important.

We have the time here this morning. We have got a full hour debate on the amendment now pending, and some of us will have to walk back and forth. Senator Bingaman will preside in my absence.

I would suggest that you go ahead and give us your story as fully as you believe you need to give it in order to make it clear.

Senator **Warner**. I intend to put in a quorum call on the floor and bring the floor to a halt while we conclude this hearing in an orderly way. So this witness has all the time he wishes as far as I am concerned.

Mr. **Godwin**. All right, I will proceed, and I will start with my statement and try to answer the questions that were raised this morning as best I can in that context. If you will remind me, I will answer those questions that I may miss.

I was invited here to discuss the legislation passed last year which established the Office of the Under Secretary of Defense for Acquisition, and, in the time available, to discuss the effectiveness of that office, and also look at the effectiveness of that office in light of the recommendations of the Packard Commission.

In the Packard report there were some 30 specific recommendations relating to my responsibilities as USD(A). These, together with some 37 provisions in the law and the implementing directives of the President, represent what I feel was the charter or the mandate to the Department of Defense to follow regarding acquisition changes.

Rather than go through all of these recommendations, I have submitted to you a status report. These were identified individually and an action officer was assigned to monitor their implementation. Progress has been made. As a matter of fact, considerable progress has been made on all of the recommendations.

This is also an update of material I gave to the Packard Commission when they reviewed the subject, I believe in July.

Broadly speaking, the Packard report and the legislation included recommendations which fell into two broad categories. The first category dealt with those which set up the Office of Under Secretary of Defense for Acquisition, together with the organization of this particular operation, including some of the functions which were required of that particular office.

The second category was a number of operating recommendations or practices dealing with training personnel, strengthening of the industrial base and prototyping. Looked at broadly, we have made considerable progress in all of these categories and it is not correct to say that this legislation has been a failure.

In fact, the legislation has been successful in the main. Where we have not been successful is in setting up the Office of Under Secretary of Defense for Acquisition. The principal admonition to that office was to introduce into the Department of Defense those practices which industry has found successful in acquisition activities.

The Packard report made a number of specific recommendations in creating the office. There was nothing radical or surprising about them. They have been proven in industry as being useful ways to proceed. Without going into detail, they recommended that we should have short, unambiguous lines of communication and management; that we should have uniform contracting practices; and that we should generally comply uniform ways of doing business among the services.

It also had as one of its major recommendations that we use baseline plans to better manage major weapons systems, looking at budget, costs, program goals, and quality as the overriding planning requirements. We have started to implement these plans.

Finally, we wanted to formalize the decisionmaking process such that those who are responsible and accountable could better carry out their duties.

Our purpose in establishing a simplified system, of course, was to get everyone operating in the same manner using proven business practices. We all agreed that the objectives and goals were appropriate and that we would all use the same contracting practices and employ the same ethical principles thus leading to a considerable improvement in the acquisition process.

However, there were a number of reasons why this has not worked as well as we would wish. I am talking about the establishment of the Office of an Under Secretary of Defense for Acquisition with directive authority over the services in matters of acquisition.

The reasons that we have not been as successful as we would like is that at the outset there was not a clear understanding of what the term "acquisition" meant when we refer to the Under Secretary of Defense for Acquisition. What was meant to be included in acquisition in this context?

Neither the Packard Commission's Report nor the legislation addressed what was included in the term "acquisition." The definition could fall anywhere from the simple purchasing of a can of soup to the acquisition of major weapons programs such as SDI. Interpretations ranged all the way from one to the other.

Second, there was not a full appreciation of what was involved in modifying the current acquisition system. If we followed the recommendations, at least as I read them in the Packard Commission's Report, we were pursuing a major cultural change. This represented a way of doing business with which we are not familiar, making a distinction between the military-bureaucratic methods and the methods that business has found to be generally effective.

We did not appreciate the serious impact on the current system. This affected the Office of Secretary of Defense and a number of functions carried out therein and had major impact on the military services, which includes a large number of acquisition people ranging from estimates of some 600,000 to some 800,000.

We were admonished to simplify this system. This means that we would allocate resources on a uniform basis. We should centralize research and development work, i.e., perform naval work in Air Force labs, if this turned out to be the most cost effective way to proceed.

I do not think anyone anticipated the impact of cultural changes of this sort.

Finally, in passing the legislation there were some differences between the legislation, the executive direction and the recommendations of the Packard Commission report. The Packard report was more inclusive than the other directions.

Since that time some have suggested that the Packard Commission recommendations were guidance, nothing more, and that if they were important matters they would have been included in the legislation. Thus, it has not been clear and is subject to interpretation as to what we were attempting to do.

What were we setting out to do? Were we supposed to make a significant change in the defense acquisition system, or were we to make modest adjustments or a tweaking of the existing one? There are some arguments on all sides.

The existing acquisition system has worked since the Second World War, and, I believe, with a great deal of success. It is a highly complicated system and a successful one.

What has occurred is introducing a new way of doing business on top of a going system. This has ended up with the new acquisition system, or myself, standing on everybody's toes.

There was no disagreement that the goals and objectives were suitable and correct. Everybody agreed, at least 95 percent—and the 5 percent who disagreed dealt with the area in which this program impinged on their activities or their turf.

I do not say that they were wrong. But as I understood my job, the Packard Commission Report and the legislation, we were to modify the acquisition system along the lines of the Packard Commission's recommendations.

I should quickly add that, while the program has acquired the designation of my program, this is incorrect. The program as I see it is one that was recommended by the Packard Commission and one which I believe was adopted both by the Congress and the administration.

And so the problems come about when implementing these ideas which are hard to accept, particularly if it means major changes in one's organization or responsibilities.

We have three questions unanswered: First, have we adopted all of the Packard Commission's recommendations?

Second, was it intended to implement these recommendations in the near term? Are we going to take positive steps now to bring about these changes?

And third, are we prepared to make the significant changes that are implicit in the Packard recommendations?

To conclude my remarks, I would like to summarize the situation relating to my resignation. First, much has been said by the press and others concerning the issue of me being unhappy because I was not supported.

I have had the support of the Secretary of Defense through the entire period. I made my decision to resign on the basis that in implementing the Packard recommendations to modifying the acquisition system, the resistance was so strong that I did not think the job was doable.

I conveyed these thoughts to the Secretary. He understood my concern. He offered to continue to support me in ensuring these changes were implemented. The method of support he suggested was that when I ran into problems I would take them to him and he would correct them without any functional or organizational changes.

Under those conditions, I did not believe that it would work, simply because if the Secretary spent his time correcting my problems there was no need for an Under Secretary of Defense for Acquisition.

So to some extent we were back where we started as to how the system would work and the role of the USD(A). My decision to resign stems from the fact that I did not think the job as proposed by the Secretary was doable nor could we overcome the resistance that we were meeting at least in the short period that I would be in office. Accordingly, I submitted my resignation.

But it was not based upon lack of support by the Secretary of Defense but the type of support. It was more a reflection of anyone who tries to make changes, and particularly significant changes of any sort, will meet the status quo head-on. There are many ways to frustrate an excellent program, whether we want to or not.

Some question was raised here as to whether I had been asked not to testify. Let me say no one pressured me not to testify. I sought judgments from others as to whether it would be desirable, because I realized the political problems that were inherent in something like this.

As a matter of fact, my preference would be to have resigned and immediately left town. This did not seem to be the right way. The advice I received was that would be both imprudent and unfair.

I have not taken this matter on as a personal one. I have taken it on as a matter of principle. I thought if I could not carry out what I believed was a mandate and a national need in some orderly way, then I would rather fail now, and eliminate the problem, rather than fail over 2½ years and go out under the same kind of cloud.

I did not think the job was doable on the basis of making pronouncements. I thought the only way to do it was to take vigorous steps to modify the system, as unpopular as those steps might be.

While I was not particularly committed at the time, I accepted the job offer to all the Packard recommendations and the legislation, in the year that followed my assumption of duties as USD(A), I came to the belief that the legislation was wise, that the Packard Commission recommendations were correct, and that the success of this endeavor requires a reclarification of what we started out to do.

We have lost our way somehow. There are too many factors involved, too many interests involved, too many turf conditions involved, to have one person without a general consensus try to make this happen.

I thank this committee for its support, and I am willing to answer any questions you might have.

[The prepared statement of Mr. Godwin follows:]

PREPARED STATEMENT OF RICHARD P. GODWIN, UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Good morning, Mr. Chairman and members of the Committee. You invited me here today to discuss the implementation of the legislation enacted last year to establish the position of the Under Secretary of Defense for Acquisition. My testimony will focus on the effectiveness of the legislation in establishing the Under Secretary as the senior acquisition executive for the Department of Defense in a manner envisioned by legislation and the recommendations of the Packard Commission.

STATUS OF PACKARD COMMISSION RECOMMENDATIONS

In addition to the 37 provisions in last year's acquisition improvement legislation, the Packard Commission recommended some 30 actions aimed at improving the operation of the DOD acquisition process. Each of these recommended steps has been assigned and is the basis for action. Attached to my statement is a report that summarizes the status of each of the Packard Commission recommendations. This information is an updated version of the report I provided to the commissioners when they met to review these issues in July of this year.

Broadly speaking, the recommendations and provisions in law fall into two categories. The first relates to the establishment of the USD(A) and the new acquisition system within the DOD, and the second relates to operating practices including such changes as greater use of commercial products, improved personnel training, strengthening of the industrial base and prototyping.

Taken as a whole, I believe the DOD has made considerable progress toward implementing the specific Packard Commission recommendations. Where we have not been as successful as I would wish is in implementing those steps necessary to improve significantly the existing acquisition system to emulate the proven business practices of most successful industrial companies. In fact, on this central issue we may have lost ground.

FUNDAMENTAL PRINCIPLES OF THE PACKARD COMMISSION RECOMMENDATIONS

There was nothing new or revolutionary in the recommendations of the Packard Commission. They in fact were quite simple. It was suggested that the largest business enterprise in the world employ proven business methods by:

Creating a single acquisition system with short unambiguous lines of command, streamlined organization and management, uniform contracting practices and information management.

Enhancing program stability through the discipline of cost, performance and schedule baselines, and

Formalizing the decision-making and oversight mechanisms to ensure that those held accountable could and would discharge their responsibilities effectively.

FRAMEWORK FOR IMPLEMENTING THE PACKARD COMMISSION RECOMMENDATIONS

Our purpose was to establish a simplified system for the conduct of work (modus operandi), reduce levels of supervision and insulate acquisition authorities from the constant and dilutive pressures of those who have no responsibility or accountability for the cost effectiveness and timeliness of systems being acquired.

It was not intended that we form a loose association with the OSD, the Services and agencies, but rather that we would all:

Conform to the same ground rules,

Best use our resources among and between Services,

Employ the same contracting and ethics standards and

Generally strive for quality and the most cost effective approach.

To implement these objectives will require some degree of reorganization, and clarification of executive roles and organizational discipline. This mandate was clearly stated in the Packard Report, but was less clear in executive direction, legislation, and the subsequent implementing DOD directives.

IMPEDIMENTS TO IMPLEMENTATION

I do not believe that there is anyone in the OSD or the Services who disagrees with the objectives and general acquisition organization issues. There is, however, disagreement on how to interpret and carry them out, especially if they impinge upon the existing order.

Change is implicit in a new acquisition system—some are major changes effecting the OSD organization, others impact significantly upon the Services. After a year of trying to implement the legislation and Packard recommendations, I have concluded that some of the key recommendations concerning streamlining, program stability, and responsibility and accountability must be clarified or they will continue to be reinterpreted or ignored.

There is no one cause for the lack of progress on this central issue of cultural change because all the problems have been with us from the start. But there are probably three major factors:

1. Since the legislation and executive direction in this area is not as inclusive as the recommendations in the Packard report, some have suggested that they are not firm guidance. In short, "it was not clear what we were setting out to do." There was no clear, specific mandate for organizational reform, changing how the acquisition system would work, or how it should relate to other major DOD programs.
2. Few appreciated the implications of a new acquisition system as suggested by the Packard Commission—who had authority, how they would relate and how much change was anticipated.
3. There is no clear understanding of what the term acquisition means or the acquisition system includes. The definitions varied from simply "major system purchasing" to "all the functions associated with obtaining goods and services for the Armed Forces." This left the matter unresolved and ripe for local and parochial interpretation.

I had expected disagreements and some resistance to change but not to the degree that we have experienced. This situation has been complicated by legal opinion which questions the authority of USD(A) to direct the Services on these matters. Many in the OSD and the Services perferred to adopt a business as usual approach with no change or with only modest adjustments to the present proven method of doing business. This resulted in resistance to changing organizations or the functions being performed as acquisition activities. For some, proposed changes were considered as an assault on their turf.

CONCLUSION

I would like to note that there is little disagreement among us that much good work has been done by the Congress and the Executive Branch over the last 6 years in bringing the Armed Forces and their equipment to a high point of readiness. The results have been outstanding.

We also all agree that we have entered a period of restricted budgets, and there is a pressing need to achieve greater efficiency in the acquisition process.

What we have *not* (in my view) settled is the means by which we achieve these ends. The questions that arise here that require further consideration are:

Have we really adopted the Packard Commission concept of a modified acquisition system?

Was it intended to implement these recommendations in the near term?

Are we prepared to make the major cultural changes that are implicit in the Packard Commission report?

In concluding my remarks, I would like to say that much has been made of the fact that I have not had the support of the Secretary of Defense. My resignation was not based upon the lack of his support in any weapon system acquisition related matters. My decision to resign rested upon my judgment that we were not prepared to move ahead with a new acquisition system—I did not think it was doable under the conditions of status quo prevailing in the DOD.

However, I accepted this assignment with the understanding that we all were committed to using corporate business practices in meeting the needs of the DOD. I did not think these changes could be achieved by making pronouncements but required taking the possibly unpopular but positive steps recommended by the Packard Commission.

I appreciate the continuing support of this committee in what I perceive to be our common goal.

TABLE OF CONTENTS

	Tabs	Page
Establishment of USD(A)	A	27
Reduction in Acquisition Personnel	B	33
Establishment of SAE	C	35
Appointment of PEOs	D	37
Balance Cost and Performance	E	39
Program Stability	F	41
Increase the Use of Competition	G	46
Use of Commercial Products	H	50
Use Technology to Reduce Cost	I	54
Recodification of Federal Procurement Laws	J	63
Contract Audit Policy	K	64
DOD Standards of Conduct	L	68
Voluntary Disclosure of Irregularities	M	74
Civil and Administrative Enforcement	N	79
Improvements in Regulations Suspension and Debarment	O	82
Clarify the Need for Technical Data Rights	P	99
Industrial Mobilization	Q	105
Enhance Quality of Acquisition Personnel	R	106

TAB A

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Establishment of USD(A)					
Creation by statute the new position of USD(A) and authorization of an additional Level II appointment in OSD	Within 60 days of this directive (dated 4/1/86) in antipication of the enactment of legislation establishing a Level II position of USD(A), the SecDef will issue a DoD Directive outlining the roles, functions and responsibilities of the USD(A).	Military Retirement Reform Act (PL 99-348) establishes level II. Goldwater-Nichols DoD Reorganization Act of 1986 (PL-99433) establishes. FY87 Continuing Resolution (PL 99-591) (See below)	SecDef memo 30 Sep 86. USD(A) Charter/DOD Directive 5134.1 issued 10 Feb 87 (See below)		PO
USD(A) should have full-time responsibility for managing the defense acquisition system.	Anticipates appointment of USD(A) as contemplated by the Packard Commission.	PL 99-591: Establishes USD(A) USD(A) supervises DoD acquisition Estabishes DoD acquis policy •procurement •R&D •logistics •developmental testing •contract admin Establishes policy to maintain defense industrial base Directs Service Secs and all Components in DoD on matters under USD(A) USD(A) is DAE USD(A) takes precedence in DoD after SecDef and DepSecDef in matters where USD(A) has responsibilities directed by law or SecDef	DoDD 5134.1: USD(A) the principal staff assistant and advisor to the SecDef for all matters relating to: •acquisition system •R&D •production •logistics •C3I activities related to acquisition •military construction •procurement The USD(A) shall: •serve as DAE •develop policy for acquis plans and strategies,validate program requirements, develop program guidance •set policy for acquis matters •set policy for admin oversight of def contractors	Congressional concern over: insufficient authority of USD(A); insufficient USD(A) authority over Services; insufficient USD(A) authority vis a vis DepSecDef	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			•serve as Procurement Executive (Exec Order 12352) •IG coordinate with USD(A) on audit and oversight to prevent audit duplication •Serve as National Armaments Dir. and SecDef representative to the Four Power Conference. Develop MOAs and MOUs with friendly and allied nations relating to acquis matters •Chair the DAB		
USD(A) should be a Level II Presidential appointee and should have a solid industrial background in the management of complex technical programs.	The USD(A), who should have a solid industrial background, will serve as the DAE.	PL 99-591: [USD(A)]"shall be appointed from [those with an] extensive management background in the private sector." Military Retirement Reform Act (PL 99-348) (Level II) (See above)	[Same as above]		PO
The USD(A) should be the DAE.	The USD(A) will serve as the DAE.	PL 99-591 (See page 1)	[Same as above]		PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
DAE should supervise the performance of the entire acquisition system and set overall policy for R&D, procurement, logistics and testing.	The existing DAE will immediately begin implementation of these actions pending the passage of a bill authorizing appointment of a new USD(A) as contemplated by the Packard Commission. The Directive will encompass the following: (1) definition of the scope of the "acquisition" function; (2) responsibility for setting policy for procurement and research and development; (3) supervision of the performance of the entire department acquisition system; (4) policy for administrative oversight of defense contractors; and (5) develop appropriate guidance concerning auditing of defense contractors.	PL 99-591: USD(A), subject to control and authority of SecDef will: - supervise DoD acquisition - establish acquisition policies to include procurement, R&D, logistics, developmental testing, and contract admin [See page 1]	DoD Directive 4245.1 The DAE will serve as principle advisor to SecDef for acquisition of defense systems and equipment and in this capacity, shall ensure that policies and practices provided in OMB Circular A-109, "Major Systems Acquisition," April 5, 1986, and DoD Directive 5000.1, "Major Systems," March 12, 1986, are complied with and effectively administered throughout DoD. DoDD 5134.1 USD(A) Charter [See page 1 block 2)] DoDD 5000.49 establishes DAB, its responsibilities, and members.	Define modus operandi for entire acquisition system Implement SAE-PEO-PM management streamlining Obtain cost estimating and analysis capability Implement DoDD 5000.1/DoDI 5000.2 as basic acquisition guidance (See page 1 block 2) Implement DoDD 5000.49 (See page 1 block 2)	PO
DAE should assure that an appropriate type of procurement is employed and that adequate operational testing is done before the start of high-rate production.	[See above]	By law PL 98-94, no program can proceed beyond low-rate initial production until OT&E, and OT&E report is sent to SecDef and Congress	DODD 5000.1, DoDI 5000.2 and DoDD 5000.3.	Implement DoDD 5000.1, DoDI 5000.2	PO OT&E

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
DAE should have the responsibility to determine that new programs are thoroughly researched, that military requirements are verified, and realistic cost estimates (cost of operating and maintaining a system through its life) are all made before the start of FSD.	[See above]	[PL 99-591 See page 1]	DODD 5000.1, for policy. DoDI 5000.2, for procedures. [See page 1]	Implement DoDD 5000.1, DoDI 5000.2. [See page 1, block 2]	PO
DAE should be responsible for determining the continuing adequacy of the defense industrial base.	[Not Specifically Addressed]	PL 99-591 Establish policies of DOD for maintenance of U.S. defense industrial base.	USD(A) Charter DODD 5134.1 DODD 5000.1 continues and strengthens Defense production surge policies.	Implement DoDD 5000.1	P&L
Reporting to USD(A) should be DD (R&E), ASD (P&L), ASD (C^{3}I), D (OT&E) and other offices and agencies as SecDef may designate.	Anticipates appointment of USD(A) as contemplated by the Packard Commission.	PL 99-591 Supervises all OSD personnel with regard to matters for which he has responsibility to the extent directed by SecDef.	• SecDef memo 30 Sep 86 (Does not include D(OT&E)). • Relationships identified in USD(A) charter. DODD 5134.1	D(OT&E) is required by law to be independent. (PL-99-591)	PO
USD(A) should be responsible to the SecDef for balancing the sometimes conflicting views and interests of these (listed above) offices.	[Not Specifically Addresed]	[Not specifically addressed]	DoDD 5000.49 (DAB Charter)	Implement DoDD 5000.49	PO
USD(A) should establish overall acquisition policy, as well as contract audit policy; should promulgate and issue appropriate directives and regulations; and, except for criminal investigations, should supervise oversight of defense contractors.	[See page 3]	[P.L. 99-591 See page 1]	USD(A) Charter DODD 5134.1 [See page 1]	P.L. 99-591 specifically gives authority for contract audit policy to DoD IG.	P&L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
USD(A) should prepare annual and other reports to Congress on major issues of acquisition programs.	[Not Specifically Addressed]	Statutory requirements for reports on manpower needs, second source (competition), Test results, and indep. cost estimates.	Continued oversight of statutory reporting requirements. Reporting requirements highlighted in DoDI 5000.2.	Implement DoDI 5000.2.	PO
It is fundamental that we establish unambiguous authority for overall acquisition policy. Clear accountability for acquisition execution, and plain lines of command for those with program management responsibilities.	Within 60 days of this directive, SecDef will direct establishment of the DAE, SAE, PEO concept.	P.L. 99-591 (Defense Enterprise Programs) •Abbreviated reporting (SAE- PEO-PM) management •Dedicated PM staff •PEO evaluate job performance of PM	• DoDD 4245.1 Jul 86 (See page 3) • S(PL 99-591) Services nominated Enterprise candidate programs (10 in FY88) DoDD 5000.1 requires streamlined management structure for major defense acquisition programs	Service responses to DoDD 4245.1 are weak. Services implement abbreviated reporting Services assign adequate dedicated staffs to PM Reorganize acquisition system: -reduce layers of management and supervision -clarify chains of command -reduce acquis personnel Implement DoDD 5000.1 [See page 1, block 2]	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
It is imperative that we streamline acqusition procedures.	Within 90 days after the appointment of the USD(A), the SecDef shall report to the President on measures, already taken or to be taken, to enhance the cost-efficiency, quality and timeliness of procurements.	PL 99-591, "Nondevelopmental Items".Requires SecDef to identify statutes/regulations impeding acquisition of commercial/previously developed items SecDef also required to recommend legislation and prescribe regulations promoting procurement of commercial and previously developed items.	1. DSB Study completed. 2.Executive-level c ommittee established to oversee implementation of the DSB recommendations 3.DFAR case approved. Services and agencies to be directed to comply 4.Draft Directive and draft manual providing guidance to procurement officers prepared	Process DFAR case Complete manual and Directive. Estimated final in Oct 87--will parallel DFAR case	P&L/DASD(I)
			Procurement test centers to develop commercial style competitive approaches authorized by USD(A) memo March 11, 1987 - strong emphasis on quality and timeliness - evaluation will identify ways to streamline acquisition procedures.	Six-month review expected Oct/Nov 87	
			Legislative proposal "Defense Commercial Goods and Services Procurement Act of 1987" , that requires streamlined, cost effective acquisition procedures submitted to OMB Aug 87.	Submit legislative proposal to Congress via OMB. Reasonable date for transmittal to Congress Jan 88.	

TAB B

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Reduction in Acquisition Personnel The fundamental intent of the Commission's recommendations is to simplify the acquisition system by consolidating policy and oversight, reducing reporting chains, eliminating duplicative functions and excessive regulations and establishing an environment in which PMs and their staff can operate as a center of excellence.	Within 60 days of NSDD-219, SecDef direct Service Secs to prepare Directives establishing SAEs. SAEs will appoint PEOs responsible for reasonable/defined set of acquisition programs. PMs responsible directly to PEO and report only to him on program matters. PM should have no more than one level of supervision between PM and SAE; and no more than two levels betweeen PM and DAE. Each Service should retain flexibility to shorten this reporting chain even further, as it sees fit. By this means, DoD should substantially reduce the number of acquisition personnel.	PL 99-591 directs abbreviated (SAE-PEO-PM) reporting, dedicated PM staff for Defense Enterprise Programs (10 in FY88)	DoDD4245.1 July 86 establishes SAEs, PEOs DoDD 42451: The organizational arrangements and procedures of the DoD acquisition process will be streamlined to the greatest extent possible. SAE will work with the DAE to resolve issues and conflicts in major defense acquisition programs. PEO will be directly responsible to the SAE on all program mattters. PMs responsible to PEO; reports directly to PEO on all program matters. There shall be no more than one layer of supervision between a PM and SAE.	Acquisition personnel reductions. Elimination of management layers. Satisfactory implementing documents from Services to DAE. Clarify chains of command (PL 99-591): Services implement abbreviated reporting Services assign adequate dedicated staffs to PM	Program Operations Services

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			Service Secs may shorten reporting chain as they deem appropriate. Military Departments provide implementing documents to DAE within 90 days. DAE: Principal advisor to SecDef for acquisition of defense systems and equipment; ensures establishment of PEOs and PMs. DoDD 5000.1 requires stramlined management structure for major defense acquisition programs.	Implement DoDD 5000.1	
This (preceding recommendation) should allow for a substantial reduction in the total number of personnel in the defense acquisition system, to levels that more nearly compare with commercial acquisition counterparts. (Eliminating a layer of management by moving the functions and people of that layer to some other layer clearly will not suffice.)	By this means, (SAE, PEO, PM management streamlining) DoD should substantially reduce the number of acquisition personnel.	[See above]	[See above]	[See above]	

TAB C

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Establishment of SAE The Army, Navy and Air Force should each establish a comparable senior position filled by a top-level civilian Presidential appointee.	Within 60 days of this directive (dated 4/1/86) in anticipation of enactment of legislation to establish the position of USD(A), the SecDef will direct the Secretaries of the Military Departments to prepare Military Department Directives establishing SAEs.	P.L. 99-591 requires SAE-PEO-PM management for Defense Enterprise Programs Refers to SAE as "Senior Procurement Executive" (defined by current law) Legislative intent of Senior Procurement Executive is consistent with Packard's definition of SAE.	DoD Directive 4245.1 Jul 86 • The Secretaries of the Military Departments shall establish guidelines for the acquisition of defense systems and equipment by their Departments that contain the following provisions: - Designation of civilian Presidential Appointee as SAE • The Army, Navy and Air Force have designated SAEs: Army - Under Secretary Ambrose Navy - Under Secretary Garrett AF: Under Secretary McGovern	• Should duties, responsibilities and level of Service Acquisition Executives be standardized? • Relationship to DAE. • SAEs implement streamlined management.	Services
Each Military Department establish SAE selected by the Service Secretary in consultation with DAE.	[See above]	[Not specifically addressed]	[See above]	[See above]	Services Program Operations
SAE should be a top-level civilian Presidential appointee of rank equivalent to a Service Under Secretary.	[Not addressed]	[Not addressed]	DoD Directive 4245.1 identified civilian Presidential appointee as SAE, equivalent rank not identified.		Services

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
SAE should be responsible for administrating service acquisition programs under policy guidance from the DAE.	[Not addressed]	[Not addressed]	DoD Directive 4245.1 SAE shall administer acquisition programs of Military Departments in accordance with established DoD policies and guidelines. DoDD 5000.1 requires stramlined management structure for major defense acquisition programs	[See block 1 page 1] Implement DoDD 5000.1	Services
SAE should have substantial experience in acquisition and should devote full time to acquisition responsibilities.	[Not addressed]	[Not addressed]	[Not Specifically Addressed]	Issue of "full-time" with SAEs. (Under Secretaries have additional duties)	Services
For major programs, the DAE and his service counterpart should function respectively like chief executive officers of a corporation and a principal corporate subsidiary.	[Not addressed]	[Not addressed]	DoD Directive 4245.1 SAE shall work with DAE to resolve issues and conflicts in major acquisition programs.	USD(A) could circumvent Service Secretaries and Service Chiefs?	Program Operations Services
They (DAE and SAE) should resolve major issues and conflicts as they arise, and represent programs before most senior decision-makers (here, the SecDef, President and Congress, rather than a board of directors).	[Not addressed]	[Not addressed]	[See above]	Relationship between DAE/SAE/SecDef must be established.	Program Operations Services

TAB D

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Appointment of PEOs Each SAE should appoint a number of PEOs who, like group general managers in industry, should be responsible for a reasonable and defined number of acquisition programs.	The SAEs, acting for the Service Secretaries, will appoint Program Executive Officers (PEO) who will be responsible for a reasonable and defined number of acquisition programs.	Defense Acquisition Improvement Act of 1986 PL 99-591. "Defense Enterprise Programs" ● Abbreviated reporting (SAE - PEO - PM management for Def Ent Prgms) ● Dedicated PM staff ● PEO evaluate job performance of PM	DoD Directive 4245.1 The Secretaries of the Military Departments shall establish guidelines for the acquisition of defense systems and equipment by their departments that contain provisions of establishment of service PEO in accordance with NSDD 219. PEO shall administer a defined number of military department acquisition programs and be directly responsible to SAE on program matters. (PL 99-591) DoD nominated Def Ent Progs 10 in FY88	PEOs do not yet conform organizationally. PEOs Implement streamlined management. Full congressional approval of Defense Enterprise Progs	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
PMs for these programs should be responsible directly to their PEO and, on program matters, report only to him. (In other words, every major program should be set up as a center of excellence and managed with modern techniques.)	PMs for these programs should be responsible directly to their PEO and, on program matters, report only to him.	(Same as above)	DoD Directive 4245.1 The Secretary of the Military Department shall establish guidelines for the acquisition of defense systems and equipment provisions for establishment of PM's who are responsible to respective PEO's for managing specific acquisition programs and who will report only to PEO for all program matters. DoDD 5000.1 requires streamlined management structure for major defense acquisition programs	PMs do not yet confirm organizationally. Services implement abbreviated reporting • reduce layers of management and supervision • clarify chains of command • reduce acquisition personnel • assign adequate staff to PM Implement DoDD 5000.1 Full congressional approval of Defense Enterprise Progs	PO
DAE should insure that no additional layers are inserted into this program chain of command.	No PM would have more than one level of supervision between himself and his SAE, and no more than two levels between himself and the DAE.	Defense Acquisition Improvement Act of 1986 (PL 99-591). "Defense Enterprise Programs" (See page 1)	DoD Directive 4245.1 There shall be no more than one layer of supervision between PM and SAE.	Implement SAE-PEO-PM management streamlining (See page 1)	PO

TAB E

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Balance Cost and Performance A restructured JRMB, co-chaired by USD(A) and the Vice Chairman of the JCS, should play an active role in all major service programs.	Within 45 days of this directive the SecDef shall establish procedures which call for the JRMB to be co-chaired by the USD(A) and Vice CJCS. These procedures should call for the JRMB to play an active role in all joint programs and in appropriate Service programs by defining weapons requirements, selecting progams for early development, and providing thereby an early trade-off between cost and performance. The JRMB will conduct its activities under the general supervision of the SecDef and in coordination with the Defense Resource Board.	[Not addressed]	DSARC disestablished and JRMB established in 3 June 86 DepSecDef memo. JRMB replaced by DAB. DAB chaired by USD(A) VCJCS is permanent member of DAB. DODD 5000.1 & DODI 5000.2 are revised to complete this action. Members listed in DODD 5000.49. *Emphasis on common use solutions and requirements validation *Tailored acquisition strategy to identify trade offs between cost and performance	Implement DODD 5000.1, DODI 5000.2 and DODD 5000.49.	PO
The JRMB should define weapon requirements for development, and provide thereby an early trade-off between cost and performance.	[See above]	[Not addressed]	Included in revised 5000.1, Tailored Acquisition Strategy (See page 1)	Implement DODD 5000.1, DODI 5000.2 & DODD 5000.49.	PO
We (the Commission) therefore recommend that the JRMB be restructured to make such trade-offs and then to decide whether to initiate FSD.	[See above]	[Not addressed]	Same as above	Same as above	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The JRMB should have this authority (to make such trade-offs and then to decide whether to initiate FSD, for all joint programs and appropriate service programs.	[See above]	[Not addressed]	Included in revised 5000.1, Tailored Acquisition Strategy	Same as above	PO
It (JRMB) should evaluate major trade offs proposed as a program progresses.	[See above]	[Not addressed]	Same as above	Same as above	PO
Its (the JRMB) determination, in effect, should substitute for the decision now made by the DSARC at what is called Milestone II.	[Not specifically addressed]	[Not addressed]	Same as above	Same as above	PO
This, the JRMB should be responsible for this decisions commonly made in industry, but not now an explicit part of DoD's decision making process. One of these is the "affordability" decision, and the other is the "made-or-buy" decision.	[See page 1]	[Not addressed]	Same as above	Same as above	PO
The affordability decision requires that a subjective judgement be made on how much a new military capability be worth.	[Not specifically addressed]	[Not addressed]	Same as above	Same as above	PO
The make-or-buy decision requires that the JRMB assess the need for a unique development program, and determine if it is possible instead to buy or adapt an existing commercial or military system.	[Not specifically addressed]	[Not addressed]	Same as above	Same as above	PO

TAB F

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Program Stability					
Program stability must be enhanced in two fundamental ways. First, DoD should fully-institutionalize "base lining" for major weapon systems at the initiation of FSD.	Within 90 days after the appointment of USD(A), the SecDef shall report to the President on measures already taken, or to be taken, to enchance the cost efficiency, quality and timeliness of procurements.	PL 99-591 directs DOD to baseline all major programs to cost, schedule, performance criteria. Law calls for program deviation report if completion costs, milestones, performance description change.	DODD 5000.45 Aug 86: •selected major programs(by USD(A)) going to FSD or production •performance criteria •milestone schedule events • total dev and prod cost goals •production delivery sched DoDI 5000.2: •dev baseline at Milestone II • prod baseline at Milestone III •Sys Concept Paper attached to Acquis Dec Memo will be Milestone I baseline •Mission Need Statement will be Milestone 0 baseline •If breach, PM submit deviation report through SAE to Serv Sec. Service Sec establish panel and submit report to DAE in 45 days	Select programs to be baselined. USD(A) signed out (1/87) memo calling in baseline candidates. USD(A) memo of 15 Jun 87 temporarily establishes appropriate sections of SAR as baseline until full compliance with 5000.45 is achieved. Implement DoDD 5000.1, DoDI 5000.2. Consistent implementation between PL 99-591, DoDD 5000.45, DoDD 5000.1, DoDI 5000.2, SAR, and baseline reporting.	PO
			USD(A) memo to SAEs Aug 87 set Sept 87 deadline for baselines	Services submit all baselines	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Program stability must be enhanced in two fundamental ways. Second, DoD and Congress should expand the use of multi- year procurement for high priority systems.	[Not specifically addressed]	PL 99-591 requires DOD to increase use of multiyear; sets 10% multiyear procurement goal for FY88	9 MYP candidates submitted with FY 88/89 budget. FY 88: HMMWV, AN/ALQ36 Radar Jammer, Hawk missile, TOW II, Harpoon, DMSP. FY 89: CH-47D, IR Maverick, F-16. With ongoing 13 MYP contracts, the 6 FY 88 candidates bring MYP share of FY 88 procurement budget to $7.6B of $83.9B. (approx 9%)	USD(A) forwarded report to Congress April 13, 1987 advising Congress that case-by-case evaluation for MYP candidates more effective than MYP goal.	P&L
In connection with the decision to begin FSD of a major new program, the PM should prepare a brief baseline agreement describing functional specifications, cost schedules, and other factors critical to the program's success.	[Not specifically addressed]	(Same as above)	DoDD 5000.45 issued Aug 86 [See page 1] USD(A) memoto SAEs Aug 87 set Sept 87 deadline for baselines	[see pages 1 and 2]	PO
This base line agreement should be submitted, through the responsible PEO and SAE, for approval by the DAE.	[Not specifically addressed]	[Not specifically addressed]	DoDD 5000.1 DoDD 5000.45 [See page 1]	[see page 1]	PO
Within the terms of this agreement, the PM should have full authority to execute the program.	[Not specifically addressed]	[Not specifically addressed]	DoDI 5000.2 DoDD 5000,45 [See page 1]	[see page 1]	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
He (the PM) should be fully committed to abide by the programs specified baseline and , so long as he does so, the DAE and SAE should support his program and permit him to manage it.	[Not specifically addressed]	[Not specifically addressed]	DoDD 5000.45 Issued Aug 1986 [See page 1]	[see page 1]	PO
PM should agree to a baseline for all phases of his program.	[Not specifically addressed]	[Not specifically addressed]	DoDD 5000.1 and DoDI 5000.2 [See page 1]	DoDD 5000.45 and Public Law only cover FSED and full-rate production. Other documentation serves as the baseline for other phases. Implement DoDD 5000.1/DoDI 5000.2	PO
For the Acquisition Executives, however, the agreement should extend only to the first two phases of a program, FSD and low-rate production.	[Not specifically addressed]	[See page 1]	[See page 1]	[See page 1]	PO
We (the Commission) recommend that Congress approve multi-year funding for the development and low-rate production of all major programs approved for FSD by the JRMB.	[Not specifically addressed]	PL 99-591 authorizes SecDef to select Defense Enterprise Programs for milestone authorization.	Three Programs selected: - D-5 - MSE - MLV SASC adds two additional Programs: ATACMS and T-45TS	Full Congressional approval of five Enterprise Programs for milestone authorization.	PO
Before a program could enter its third phase, high rate production, it must be subject to developmental and operational testing.	[Not specifically addressed]	PL 98-94: no program can proceed beyond low-rate production until OT&E and DOT&E report is sent to SecDef and Congress. [See above]	DODD 5000.1 and DODI 5000.2 revised.	Implement DoDD 5000.1 and DoDI 5000.2.	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Operational tests are particularly critical, and should continue through FSD.	[Not specifically addressed]	PL 99-591 directs competitive prototyping for all major systems or subsystems of major systems. Prototype testing should be designed to reproduce combat conditions.	DoDD 5000.3 emphasizes early operational assessments		PO
The first units that come off a low-rate production line should be subjected to intensive operational testing.	[Not specifically addressed]	PL 98-94 [See page 3, block 5]	(See above) [See also page 3, block 5]	[See page 3, block 5]	DUSD (T&E) DOT&E
Low-rate production should continue during testing, but a program should not be approved for high-rate production until the results of these tests are evaluated.	[Not specifically addressed]	[See page 3, block 5]	[See page 3, block 5]	[See page 3, block 5]	T&E
The JRMB should then reconsider the program at its second major milestone - whether to authorize high rate production, at what level, and on what schedule.	These procedures should call for the JRMB to play an active role in all joint programs and in appropriate Service programs by defining weapons requirements, selecting programs for early development, and providing thereby an early trade-off between cost and performance. The JRMB will conduct its activities under the general supervision of the SecDef and in coordination with the Defense Resources Board.	[Not addressed]	DoDD 5000.1 DoDI 5000.2, DoDD 5000.49	Implement DoDD 5000.1, DoDI 5000.2, and DoDD 5000.49	PO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
At this stage (second major milestone), available test results should provide a realistic portrait of the weapons probable performance under operational conditions.	[Not specifically addressed]	[Not specifically addressed, see page 1]	DoDD 5000.3		T&E
At this stage (second major milestone) ...current intelligence data should yield a realistic threat estimate.	[Not specifically addressed]	[Not addressed]	DoDD 5000.1/DoDI 5000.2 call for DIA to advise on threat.	Implement DoDD 5000.1 and DODI 5000.2.	PO
At this stage (second major milestone), ...low-rate production experience should provide a realistic estimate of production cost.		[Not addressed]	CAIG review at each major milestone.		CAIG

TAB G

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Increase the Use of Competition Federal law and DoD regulations should provide for substantially increased use of commercial-style competition, emphasizing quality and establishperformance as well as price.	Within 90 days after the appointment of the USD(A), the SecDef shall report to the President on measures, already taken or to be taken, to enhance the cost-efficiency, quality and timelines of procurements.	Competition in Contracting Act.	Efforts underway to make quality history a major source selection factor. Procurement test centers to develop commercial style competitive approaches authorized by USD(A) memorandum of March 11, 1987 ● strong emphasis on quality and timeliness ● evaluation will identify ways to streamline acquisition procedures	Six-month review expected Oct/Nov 87	P&L/DASD(I)
			Changed DFARS 8.404 to foster wider selection of commercial products from GSA schedule contracts.		P&L/DASD(P)
			Legislative proposal "Defense Commercial Goods and Services Procurement act of 1987" under OSD review. Act requires streamlined, cost effective acquisition procedures and DoD provides an exemption from the application of certain statues in contracting.	Submit Legislative proposal to Congress via OMB. Reasonable date for transmittal to Congress Jan 88.	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Foremost among these practices (commercial buying practices) is competition, which should be used aggressively in the buying of systems, products, and professional services.	[Not specifically addressed]	[Same as above]	Competition Advocates appointed. % of competed contracts increased from 39.8% in FY 83 to 57.2% in FY 86. Logistics Support Analysis Office (LSAO) study of competition in spare parts procurement.	LSAO study's recommendations for changes to the DoD Spare Parts Breakout Program being implemented.	P&L/DASD(P)/(L)
It is particularly important to focus on achieving more effective competition, modeled after the competitive procurement techniques used in industry.	[Not specifically addressed]	[See above]	[Not specifically addressed]		
Price should not be the sole determinant, especially for procurement of complex sysetms and services.	[Not specifically addressed]	[See above]	Efforts underway to make quality history a major source selection factor. Procurement regulatory reform test (USD(A) memo Mar 11, 87) to direct buiying for "best value" • strong emphasis on quality and timeliness • evaluation will identify ways to streamline acquisition procedures In existing regulations	Six-month review expected Oct/Nov 87	P&L/DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Moreover, because competition is not a one-way street for the buyer, defense procurement practices must be less cumbersome if DoD is to attract the best suppliers.	[Not specifically addressed]	[Not specifically addressed]	Efforts underway to make quality history a major source selection factor. Procurement regulatory reform test (USD(A) memo Mar 11, 87) to direct buying for "best value" • strong emphasis on qulaity and timeliness • evaluation will identify ways to streamline acquisition procedures Defense Contract Simplification Committee has a report recommending specific actions in this area.	Six-month review expected Oct/Nov 87 Recommendations being implemented where appropriate.	P&L/DASD(P)
Procurement officers must be allowed and encouraged to solicit bids through purchase descriptions that are stated as functional performance characteristics rather than through detailed design and "how-to" specifications; to limit bids to qualified suppliers; to give preference to suppliers that have demonstrated the quality and reliability of their products; and to recognize value (quality and price) based on products' commercial acceptance in the market place.	[Not specifically addressed]	[CICA]	Procurement officers allowed to solicit using purchase descriptions. Use of functional specifications is required by CICA and the FAR.	Balancing the need for sparse specifications with Best Value is a continual issue for procurement officers.	P&L/DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
For DoD to realize the full benefit of commercial buying, it should let competitive market forces provide a check on price to direct its own attention to validating quality.	[Not specifically addressed]	[Not addressed]	Efforts underway to make quality history a major source selection factor. Procurement regulatory reform test (USD(A) memo Mar 11, 87) to direct buying for "best value" • strong emphasis on qulaity and timeliness • evaluation will identify ways to streamline acquisition procedures	Six-month review expected Oct/Nov 87	P&L/PS
In summary, we (the Commission) believe that DoD should greatly increase its use of truly effective competition, using as a model the competitive buying practices of major corporations and their suppliers.	[Not specifically addressed]	[Not addressed]	USD(A) initiative to reduce lead times for spare parts through innovative, commercial-style procurement practices.	"Showcase" spares procurement activities being established in each Service and DLA; reduced lead times by end of FY 1988.	P&L/DASD(P)/(L)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Use of Commercial Products Rather than relying on excessively rigid military specifications, DoD should make greater use of components, systems, and services availalble "off-the-shelf".	Within 90 days after the appointment of the USD(A), the SecDef shall report to the President on measures, already taken or to be taken, to enhance the cost-efficiency, equality, and timeliness of procurements.	PL 99-591: "Non-developmental Items" Requires Secretary of Defense to identify statutes/regulations impeding acquisition of commercial/previously developed items. - Secretary also required to recommend legislation and prescribe regulations promoting procurement of commercial and previously developed items.	1. DSB Study completed. 2. Executive-level committee estblished to oversee implementation of the DSB recommendations. 3. DFAR case approved. Services and agencies to be directed to comply. 4. Draft Directive and draft manual providing guidance to procurement officers, being prepared. Defense Commercial Goods and Services Procurement Act of 1987" submitted to OMB Aug 87. Procurement Regulatory Reform Test (Godwin memo Mar 11 87) • procurement test centers to develop commercial style competitive approaches • strong emphasis on quality and timeliness • evaluation will identify ways to streamline acquisition procedures	Process DFAR case. Complete Manual and Directive. Estimated final in Oct 87 will parallel DFAR case. Submit Legislative proposal to Congress via OMB. Reasonable date for transmittal to Congress Jan 88. Six month review of reform test Oct/Nov 87	P&L/PS/SDM

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
It (DoD) should develop new or custom-made items only when it has been established that those readily available are clearly inadequate to meet military requirements.	[Not specifically addressed]	[See above]	[See above]	[See above]	P&L/PS or P
The Electronic Systems Division, responsible in the Air Force for the quality of electronic devices, recently began revising its procedures to achieve these objectives (PM's buying the bulk of their microchips from commercial lines with adequate quality and reliability, and get the latest technology at a substantially lower cost.	Not specifically addressed]	[See above]	1. NASA/DESC effort 2. RADC action. [See also above]	[See above]	P&L/PS
We (the Commission) recommend that the Air Force accelerate its efforts and that the other services follow its lead.	[Not specifically addressed]	[Not addressed]	The DFAR case and all the above.	[See above]	P&L/PS
We (the Commission) recommend that the DAE take steps to assume a major increase in the use of commercial products, as opposed to those made to military specifications.	[Not specifically addressed]	[Not specifically addressed PL 99-591: Nondevelopmental Items]	All actions being taken come under perview of USD(A)	[See above]	P&L/PS & P

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
We (DAE) should direct that PM's get a waiver before using a product made to military specifications, if there is an available comercial counterpart.	Not specifically addressed]	[Not addressed]	DSB and Congress reviewed this recommendation and agreed it would be counter-productive. DoD is not pursuing implementation.		P&L/PS/SDM
When a "make-or-buy" decision must be made, the presumption should be to buy.	[Not specifically addressed]	[Not addressed]	Covered by the DFAR case, the directive, and the manual.	Expect to complete the directive and manual in Oct 87.	P&L/PS
We (the Commission) recommend that the DoD supplement to the FAR be changed to encourage streamlining military specifications themselves.	Within 90 days after the appointment of the USD(A), the SecDef shall report to the President on measures, already taken or to be taken, to enhance the cost-efficiency, quality and timeliness of procurements.	[Not addressed]	[Not addressed]		P&L/PS
A PM should strive to invoke neither minimum nor maximum, but only relevant, requirements; and he should think in terms of optimization rather than deviations.	[Not addressed]	[Not addressed]	[Not addressed]		P&L/PS
DoD should reduce its use of military specifications when they are not needed, and should take steps to improve the utility of military specifications when they are needed	[Not specifically addressed--see chart 1, this page]	[Not addressed]	[Not addressed]		P&L/PS/IPQ

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
For DoD to realize the full benefit of commercial buying, it should let competitive market forces provide a check on price to direct its own attention to validating quality.	(Not addressed)	(Not addressed)	Efforts underway to make quality history a major source selection factor.		P&L/PS
			Procurement Requlatory reform test (Godwin memo 11 Mar 87) to direct buying for "best value".	Six-month review expected Oct/Nov 87.	

TAB I

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Use Technology to Reduce Cost We (the Commision) recommend a high priority on building and testing prototype systems to demonstrate that new technology can substantially improve military capability.	[Not Specifically Addressed]	PL 99-591 directs competitive prototyping for all major systems or subsystems of major systems. Prototype testing should be designed to reproduce combat conditions.	DoDD 5000.1: DAB to review prototyping strategy for each major system at Milestone I. DoDI 5000.2 reflects Commission's recommendation DARPA Prototyping Concept Paper	Implement DoDD 5000.1, DoDI 5000.2 Examine impact of substantial early investment, validate schedule improvement, and reliability enhancement.	DUSD(T&E)
We (the Commission) recommend a high priority on building and testing prototype systems...to provide a basis for realistic cost estimates prior to a FSD decision.	[Not Specifically Addressed]	[See above]	Concept Paper - "The purpose of this expanded role is to promote innovation and provide a basis for realistic cost estimates and to uncover operational and technical deficiencies before a decision is made to proceed with full-scale development (FSD)."	FY88 - Issuance of Prototype Testing Criteria, DoD 5000.3-M-5	DUSD(T&E)
Operational testing should begin early in advanced development, using prototype hardware.	[Not Specifically Addressed]	[See above]	Concept Paper - "...realistic testing will be conducted not to prove the system but to evaluate it for appropriate decisions." Early operational evaluation scheduled for ATF, ATB, ATA, LHX	Revise DoD 5000.3-M-1, Test and Evaluation Master Plan (Oct 87)	DUSD(T&E) D(OT&E)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The early phase of R&D should employ extensive informal competition and use streamlined procurement processes.	[Not Specifically Addressed]	PL 99-591 provides for the award of a contract based on an unsolicited proposal for services if a unique and innovative capability on the part of the offeror is demonstrated rather than the offering of a unique and innovative idea. Further follow-on contracts may be awarded if the contractor has a unique expertise and unreasonable delays or costs would be incurred if DoD competed the acquisition.	1. Acquisition Regulations issued on April 3, 1987, implementing requirement within DoD. 2. Final publication will be in Federal Acquisition Regulation. 3. Action within DoD complete. Concept Paper - "...early phase of R&D should use procedures different from production programs such as: competition of ideas and technology not a formal competition of cost, a short development cycle and requirements not based on detailed specifications." Program Management "Tiger Team" will establish implementation procedures for each prototype program to employ informal competition and streamlined procurement processes.		P&L/P(DARS)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
To promote innovation, DARPA should engage in prototyping and other advanced development work on joint programs and in areas not adequately emphasized by the Services.	[Not Addressed]	[Not Addressed]	DARPA to prototype two classified programs. Concept Paper - "The concept of expanding DARPA's role, as called for in the Packard Commission report, is defined here to be prototyping and advanced development work in high technology and novel concepts for joint programs and in areas not adequately emphasized by the Services. DODD 5105.41 revised DARPA's charter. "DARPA shall stimulate a greater emphasis on prototyping in defense systems by conducting prototype projects that embody technology that might be incorporated in joint programs in support of deployed U.S. forces, including the unified and specified commands or selected Service programs and, on request, assist the Services in their own prototyping programs."	Examine impact of substantial early investment, validate schedule improvement, and reliability enhancement.	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
We (the Commission) believe that DoD should place a much greater emphasis on using technology to reduce cost - both directly by reducing unit acquisition cost and indirectly by improving the reliability, operability, and maintainability of military equipment.	[Not Addressed]	[Not Addressed]	Producibility demonstrations.		R&AT P&L
DoD should give a similar high priority to cost reductions by exerting greater discipline in the settng of performance requirements for new platforms, and by increasing the use of technology to extend the life of existing platforms.	[Not addressed]	[Not Addressed]	Not specifically addressed in DARPA Concept Paper but technology developed in DARPA Prototyping Programs would be applicable to satisfying cost reductions through the setting of performance requirements for new platforms and extending the life of existing platforms.	Implement DoDD 5000.1 DoDI 5000.2	R&AT
A weapon system should be predicated on state of the art technology only when the benefits of the new technology offset the concomitant risks.	[Not addressed]	[Not Addressed]	Not specifically addressed in DARPA Concept Paper but system engineering approach taken by DARPA Program Management Tiger Teams will closely examine the integration of state-of-theart technology with existing technology.	(Same as above)	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
We (the Commission) recommend that such prototyping either at the system or critical subsystems level, be done as a matter of course for all major weapons systems.	[Not Addressed]	PL 99-591 directs competitive prototyping for all major systems or sybsystems of major systems. Prototype testing should be designed to reproduce combat conditions.	This will be accomplished by the DARPA Program Management Tiger Teams in their system engineering approach to prototyping. (See page 1, block 1)	(See page 1 block 1)	
Operational tests should be combined with developmental tests of the prototype to uncover operational as well as technical deficiencies before a decision is made.	[Not Addressed]	[See above]	The DARPA approach to the concept of prototyping will combine operational tests with developmental tests of the prototype to uncover operational as well as technical deficiencies before the decision to proceed with FSD.	ISSUE: OT on premature developed test items may generate inadequate results. Must certify item has satisfied technical capability prior to OT.	
The early phase of R&D should follow procedures quite different from those of approved production programs in order to complete the entire prototyping cycle in two or three years.	[Not Addressed]	[Not Addressed]	[Not specifically addressed]	Examine impact of required substantial investment, validate schedule improvement, and reliability enhancement.	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Contracting should be streamlined to speed up the process of evaluating diverse new ideas.	[Not specifically addressed]	PL 99-591 provides for the award of a contract based on an unsolicited proposal for services if a unique and innovative capability on the part of the offeror is demonstrated rather than the offering of a unique and innovative idea. Further follow-on contracts may be awarded if the contractor has a unique expertise and unreasonable delays or costs would be incurred if DoD completed the acquisition.	(See page 2)		
In the advanced technology phase of a program, competition should play a critical role but the emphasis should be on informal competition of ideas and technologies, rather than a formal competition of cost.	[Not Specifically Addressed]	[See above]	Guidance provided to each DARPA Prototype Project Tiger Team will emphasize the use of informal competition of ideas and technologies rather than formal cost competition.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
In general, prototyping and testing in the early stage of R&D should be done by the service that would be the primary user of the resulting system.	[Not Addressed]	[Not Addressed]	Concept Paper - "Demonstrating operational suitability, mission effectiveness and logistical supportability will remain the responsibility of the Services." A Memorandum of Understanding (MOU) will be established between DARPA and the Service(s) including testing.	ISSUE: DARPA program not generated by validated service requirement	
In order to promote the use of prototyping, however, we (the Commission) recommend expanding the role of DARPA.	[Not Addressed]	[Not Addressed]	Concept Paper - "The concept of expanding DARPA's role, as called for the Packard Commission report, is defined here to be prototyping and advanced development work in high technology and novel concepts for joint programs and in areas not adequately emphasized by the Services." DODD 5105.41, September 30, 1986, Defense Advanced Research Projects Agency, DARPA's charter expanded to include prototyping.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
DARPA should have the additional mission of stimulating a greater emphasis on prototyping in defense sysetms. (Presently, DARPA conducts research and exploratory development in high-risk, high-payoff technologies).	[Not Specifically Addressed]	[Not Addressed]	Concept Paper - This means addressing new concepts, technological maturity engineering flexibility and cost/performance/risk trade-off by simulation, analysis and limited operational-like testing. DARPA's expanded role is characterized by: - close working relationship with Service(s) - Developing a prototype the Service(s) intend(s) to proceed with to FSD - Proof of concept testing."		
It (DARPA) should do this by actually conducting prototype projects that embody technology that might be incorporated in joint programs, or in selected service programs.	[Not Specifically Addressed]				
On request, it (DARPA) also should assist the services in their own prototyping programs.	[Not Specifically Addressed]	[Not addressed]	Concept Paper - "DARPA could continue to participate in the program after transition in order to assist the Service(s). This prototyping effort is not intended to interfere with Service responsibility for prototyping their systems.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The common objective of all of these (DARPA) prototyping programs should be to determine to what extent a given new technology can improve military capability...	[Not Specifically Addressed]	PL 99-591 [See page 1]	Each DARPA Prototyping Program has the direct involvement of the Service operational community in addition to the Service developmental community. This assures the objective of determining the extent a new technology can improve military capability is met.		
The common objective of all of these (DARPA) prototyping programs should be ....to provide a basis for making realistic cost estimates prior to a decision on FSD.	Not Specifically Addressed]	[See above]	Concept Paper - "The goal will be to take a technology development program through a prototyping phase to uncover operational and technical deficiencies and to provide a basis for realistic cost estimates before a FSD decision is made."		
In short the prototype program should allow us to fly - and know how much it will cost - before we buy.	[Not Specifically Addressed]	[See above]	[See above]		

TAB J

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Recodification of Federal Procurement Laws A streamline organization for defense acquisition is not enough. It must be matched by streamlined procedures. In our (the Commission) judgment, there can be far fewer of these (regulatory) requirements, and those retained can apply at far fewer dollar threshholds . We (the Commission) recommend that Congress work with the Administration to recodify federal laws governing procurement in a single, consistent, and greatly simplified procurement statute.	The Administration should work with the Congress to recodify all federal statutes governing procurement into a single government-wide procurement statute. This recodification should aim not only at consolidation, but more importantly at simpification and consistency. Within 120 days of this directive, the Director of OMB should submit a legislative initiative to the President that accomplishes the needed consolidation, simplification and consistency. In preparing this initiative , OMB should work with the DoD and all other appropriate Federal Agencies.	[Not addressed]	Responsibility to develop a simplified procurement statute assigned to Office of Federal Procurement Policy (OFPP). OSD General Counsel commented on OFPP draft 9/10/86. F ound the Draft too complex and needing more emhasis on commercial-style competition. DOJ agrees with DOD. OFPP is in the process of revising their draft legislation.	OFPP must draft and circulate another proposal for a single statute. Closer USD(A) oversight on the progress of OFPP towards recodification of federal procurement laws.	Assistant General Counsel (Logistics) P&L/DASD(I/IP)

TAB K

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Contract Audit Policy The new USD(A) should establish appropriate overall contract audit policy.	[Not specifically addressed]	P.L. 99-591, Continuing Resolution for 1987: DoD I G is responsible for contract audit policy; USD(A) to prescribe policies coordinating contractor audits.	USD(A) Charter 5134.1: IG coordinates with USD(A) to prevent audit duplication and duplication in audit oversight of defense contractors.	Law directs that DoD IG is responsible for contract audit policy.	IG-APO
The USD(A) should oversee DoD-wide establishment of contract audit policy, particularly policy for audits conducted in support of procurement and contract administration.	Within 60 days of directive date, SecDef will issue Directive on roles, functions, and resp. of USD(A). Existing DAE will immediately begin implementation of policy for admin oversight of def contractors/develop guidance concerning auditing of defense contractors.	(Same as above)	USD(A) is working with the IG to review the policies and procedures of the Services/Defense Logistics Agency/DCAA in 18 areas where duplication in audit/oversight of contractor operations.	1/1/88	IG-APO
	Within 90 days of directive date, SecDef shall begin implementation of [Packard Comm] recs relating to Govt-Indus accountablility. Steps taken should not reduce DoD's ability to monitor and audit contractor performance and procedures.		Threshold for pre-award contract audit raised by USD(A) June 87, significantly decreasing the number of pre-award audits performed on relatively low-dollar value actions. Fixed-price contracts: $500,000 threshold (from $100,000); Cost-type contracts: $1M threshold (from $500,000)	COMPLETED	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The USD(A) should, except for criminal investigations and DoD internal audits, supervise establishment of policy for all DoD oversight of defense contractors, including oversight performed by procurement and contract management organizations.	[Same as above]	(Same as above)	Upon completion of the above review, policies will be revised based on review recommendations. A change to DoD acquisition regulations is in process to require a screening process be used by on-site contract administration personnel to eliminate duplicate reviews and requests for contractor data. The Services and Defense Agencies were instructed by USD(A) in June 1987 to implement this new policy immediately.	[See page 1, block 1] COMPLETED	ASD(P&L) CPF IG-APO
The USD(A) should recognize established GAO and professional auditing standards.	[Not specifically addressed]	(Same as above)	This is part of the effort undertaken during the review being conducted as discussed above.	[See page 1, block 1]	IG-APO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
To optimize the use of available oversight resources by eliminating undesirable duplication of official effort, contract audit policy should be designed to delineate clearly respective responsibilities and jurisdiction of DoD oversight organizations.	[Not specifically addressed, see page 1]	(Same as above)	This is part of the effort undertaken during the review being conducted as discussed above. (See page 1]		ASD(P&L) CPF IG-APO
			Additional data is being collected from contractors on the nature and frequency of reviews performed by government agencies or higher tier contractors to better determine the actions which should be taken to eliminate duplicate reviews.	9/30/87	
			One review area, contractor compensation reviews recently transferred from one organization to DCAA to eliminate duplication.	COMPLETED	
To optimize the use of available oversight resources by eliminating undesirable duplication of official effort, contract audit policy should be designed to develop guidelines and mechanisms for DoD oversight organizations to share contractor data and otherwise to rely more extensively upon each other's work.	[Not specifically addressed, see page 1]	[See above]	The change in the acquisition regulations discussed above, coupled with additional changes anticipated as a result of the review of 18 audit/oversight areas, will accomplish this. [See page 1]	This is a continuing effort.	ASD(P&L) CPF IG-APO

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
To optimize the use of available oversight resources by eliminating undesirable duplication of official effort, contract audit policy should be designed to improve audit strategies for the conduct, scope, and frequency of contract auditing. These strategies should reflect due consideration for contractors' past performance, the proven effectiveness of their internal control systems, the results of prior and ongoing reviews conducted by DoD organizations and by contractors themselves, and relative costs and benefits.	[Not specifically addressed, see page 1]	[See above]	Audit thresholds have been raised when contractors' estimating systems are adequate. Review discussed above will accomplish this. [See page 1]		IG-APO

TAB L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
DoD Standards of Conduct DoD should vigorously administer current ethics regulations for military and civilian personnel to assure that its employees comply with the same high standards expected of contractor personnel. This effort (vigorous administration of current ethics regulation) should include development of specific ethics guidance and specialized training programs concerning matters of particular concern to DoD acquisition personnel, including post-government relationships with defense contractors.	[Not addressed]	P.L. 95-521, "Ethics in Government Contracting Act amended by P.L. 99-145 and P.L. 99-591 "Conflict of Interests in Defense Procurement".	Revision of DoD Directive 5500.7, "Standards of Conduct" published in May 1987. This revised directive includes: Standards of conduct required of all DoD personnel. Criteria and procedures for reports required of certain former and retired military officers and former DoD civilian officers and employees presently employed by defense contractors, and former officers and employees of defense contractors presently employed by the Department of Defense. Penalties for violations of these standards		OAGC/L (Asst. Gen Counsel/Logistics)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
It is critical in defense management to establish and maintain an environment where official standards of conduct, are well understood, broadly observed, and vigorously enforced. An effective program of instruction and compliance concerning ethics matters, including post-employment disqualifications and reporting, should be established and implemented.	[Not addressed]	[Same as above]	DoDD 5500.7 Standards of Conduct: • Directs heads of DoD Components to appoint Agency Ethics Official to implement DoDD 5500.7 • Establishes a DoD Standards of Conduct Office to receive/ maintain DD Forms 1787, 1555 and SF 278 – publish guidance to DoD components to promote uniformity of standards of conduct opinions throughout DoD. – develop educational programs and materials for OSD that will serve as models for other DoD components – provide reports to Congress for DoD in accordance with statutes.		OAGC/L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			• Establishes DoD Ethics Oversight Committee – consider general standards of conduct issues – provide recommendations to Agency Ethics Officials – provide recommendations for DoD input on proposed standards of conduct legislation.		
These statutes (involving current post-employment disqualifications and certain related provisions) should be enforced more vigorously and their importance made clear to DoD employees far more effectively, than is now done.	[Not addressed]	[Same as above]	[Same as above]		OAGC/L
Instead, the revolving door concern must be addressed where it originates, in the relations of DoD and the defense industry.	[Not addressed]	[Not specifically addressed]	[Not specifically addressed]		OAGC/L
Complementary efforts must be undertaken by DoD and defense industry to define appropriate and highly specific limitations in the area of post-government employment relationships.	[Not addressed}	[Not specifically addressed]	[Not specifically addressed]		OAGC/L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
These limitations (appropriate and highly specific) should not be legislated, but instead should be articulated through complementary prohibitions in both government and industry standards of conduct, for the clear guidance of putative employers (contractors) and employees(former DoD officials) alike.	[Not addressed}	PL 99-591 "Conflict of Interest in Defense Procurement" [See pages 1 and 2]	[See pages 1 & 2]		OAGC/L
Appropriate voluntary disqualifications b y private employers and prospective employees could and should become an accepted aspect of the official and professional responsibilities assumed by those who work in and contract with DoD.	[Not addressed}	[Not specifically addressed}	[Not specifically addressed}		OAGC/L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
We, (the Commission) recommend that DoD standards of conduct directives should be developed and periodically reviewed and updated, to provide clear, complete, and timely guidance to all acquisition organizations and personnel, on ethical issues and standards of particular concern to DoD acquisition process.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L
The acquisition standards of conduct directive should address, among other matters, specific conflict-of-interest and other concerns that arise in the course of official dealings, employment negotiations, and post-government employment relationships with defense contractors.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L
With respect to the last category, the Secretary of Defense should develop norms concerning the specific personnel classification, type of official responsibility, level of individual discretion or authority, and nature of personal contact that, taken together, should disqualify a former acquisition official from employment with a given contractor for a specified period after government service.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
These recommended norms, observance of which should be monitored through existing statutory reporting requirements, would establish minimum standards to guide both acquisition officials and defense industry.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L
DoD should vigorously administer and enforce ethics requirements for all employees, and commit necessary personnel and administrative resources to ensure that relevant standards of conduct are effectively communicated, well understood, and carefully observed.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L
This is especially important for all acquisition personnel, to whom copies of relevant standards should be distributed at least annually.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L
Review of such standards should be an important part of all regular orientation programs for new acquisition employees, internal training and development programs, and performance evaluations.	[Not addressed]	[See page 1]	[See pages 1 and 2]		OAGC/L

TAB M

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Voluntary Disclosure of Irregularities The Departments of Defense and Justice should jointly initiate a program encouraging the voluntary disclosure of irregularities by contractors.	[Not addressed]	[Not addressed]	Establish regulations in the DoD Federal Acquisition Regulation Supplement (DFARS) that will encourage contractors to develop and adopt an effective system of management standards and controls. Defense Acquisition Regulation Case 86-157 has been established to provide a framework in the DFARS for a self-governance program. It is envisioned that the framework will include a written code of ethics, a training program, internal reviews, employee reporting procedures, internal audit practices, a discipline process, and disclosure (including voluntary disclosure) procedures. Regulations were published as a final rule in the Federal Regster in early Sept 87. DoD implementation letter was signed mid Sept 87.	Distribution of regulations expected in DAC 86-7 Oct 87. [See also SUSPENSION AND DEBARMENT SECTION]	DoD IG For regulatory guidelines: DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			These changes in the regulation were first published in the Federal Register in March 1987 for public comment. July 1987, senior level working group (DASD(P), IG, OSD Gen Counsel, Services, DLA) met to discuss regulations. DepSecDef letter to defense contractors Jul 86 encouraging policy of voluntary disclosure. Matters not involving potential criminal issues should be presented to contrating officer or DCAA auditor. Matters involving criminal or civil fraud issues directed to DoD IG.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			DepSecDef signed letter in Aug 87 saying: ●DoD intends to to encourage voluntary disclosure programs without mandating them legally or contractually. ● Indpt or internal investigations will be up to DoD's or contractor's discretion respectively. ● Final determination by DoD regarding suspension/debarment will include consideration of the Govt's investigation to identify the disclosure. ● DoD will ensure that decisions on suspension and debarment reflect contractor's efforts to establish corporate integrity regardless of whether particular case arises from voluntary disclosure by contractor or other source.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			The Inspector General has worked with the Department of Justice to establish a coordinated policy for considering voluntary disclosure as a mitigating circumstance in the decision as to criminal prosecution.		
Private companies that fail to disclose should not be rewarded by the fortuitous inability of government investigators to make a timely discovery of an irregularity.	[Not addressed]	[Not addressed]	[See above]		DoD IG For regulatory guidelines: DASD(P)
Nor should contractors benefit that come forward only under compulsion of imminent discovery.	[Not addressed]	[Not addressed]	[Not specifically addressed]		DoD IG For regulatory guidelines: DASD(P)
Guidelines considered by DoD in a voluntary disclosure program should include the timing of the disclosure with respect to the contractor's initial awareness of the irregularity and the proximity of government oversight action.	[Not addressed]	[Not addressed]	[Not specifically addressed]		DoD IG For regulatory guidelines: DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Guidelines considered by DoD in a voluntary disclosure program should include the completeness, accuracy, and truthfulness of the disclosure, as well as other factors supporting voluntariness.	[Not addressed]	[Not addressed]	[See pages 1-4]		DoD IG For regulatory guidelines: DASD(P)
Guidelines considered by DoD in a voluntary disclosure program should include management levels at which the wrongdoing occurred and at which the decision to disclose was made.	[Not addressed]	[Not addressed]	[See pages 1-4]		DoD IG For regulatory guidelines: DASD(P)
Guidelines considered by DoD in a voluntary disclosure program should include whether internal corporate procedures or standards of conduct covered the conduct of those involved in the wrongdoing and in the disclosure decision.	[Not addressed]	[Not addressed]	[See pages 1-4]		DoD IG For regulatory guidelines: DASD(P)
Guidelines considered by DoD in a voluntary disclosure program should include whether there were in place internal auditing systems that, when properly implemented, addressed the irregularity.	[Not addressed]	[Not addressed]	[See pages 1-4]		DoD IG For regulatory guidelines: DASD(P)

TAB N

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Civil and Administrative Enforcement Suspension and debarment should be applied only to protect the public interest where a contractor is found to lack "present responsibility" to contract with the federal government.	[Not addressed]	[Not addressed]	DoD-proposed changes to the DFARS. Changes approved by DAR Council July 1987. Changes encourage adoption/implementation of internal controls for corporate governance. (See page 1)	DoD-proposed changes do not go as far as Packard recommendations. (See page 1)	Original OPR OGC Implementation in Regulations is DASD(P)
The Federal Acquisition Regulation should be amended to provide more precise criteria for applying these sanctions and, in particular, determining present responsibility.	[Not addressed]	[Not addressed]	[See above]	Issue: DoD wants flexibility in suspension/debarments judgments.	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Specific measures should be taken to make civil enforcement of laws governing defense acquisition still more effective.	[Not addressed]	Program Fraud Civil Remedies Act of 1986, PL 99-509, enacted October 21, 1986. The Act authorizes each federal agency to administratively adjudicate false ficticious, and fraudulant claims below $150,000 in Govt. programs. DoJ must first turn down litigation on the claim and approve admin. adjudication by the agency under the Administration Procedures Act.	Program Fraud...Act: Proposed rule implementing Act was published inthe Federal Register July 16, 1987 for public comment. Rule: estalishes an administrative process in DoD and Services for the adjudication of fraudulent claims of less than $150,000 or false statements; establishes a process for imposing liability of up to $5,000 per claim or statement and double damages on anyone who with knowledge or reason submits a false ficticious, or fraudulent claim or statement to an authority; establishes procedure whereby DoJ authorizes DoD or Service presiding officer to seek administrative adjudication. Comments due by August 17, 1986.	Program Fraud...Act: -Receive/Review Public comments -Publish Final Rule	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
		Civil False Claims Act amended by False Claims Amendment Act of 1986, PL 99-562, enacted October 27, 1986. The Act: increases penalties and damages which defendants under False Claims Act are liable; broadens the scope of liability under that act; gives DoJ authority to issue investigative demands prior to filing a complaint; increases incentives for private individuals to bring suits on behalf of the Govt.; and makes a number of procedural changes for the conduct of false claims suits.			

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Improvements in Regulations Suspension and Debarment The requirement that all suspension/debarment decisions be based on a present responsibility determination should be more clearly set forth by amendment of particular provisions of the Federal Acquisition Regulation.	(Not addressed)	(Not addressed)	Office of General Counsel developed the implementation of the Commission recommendations for DFARS. Regulations drafted for the DFARS recognize that suspension and debarment should not be an automatic action, but rather acknowledge circumstances where the Department's interests are adequately protected by alternatives to suspension and debarment. Regulations also encourage adoption/implementation of internal controls for corporate governance. DAR Case 86-157 was developed to implement these changes. The implementing regulations were published in the Federal Register for comment in March 1987. Regulations published as a final rule in the Federal Register early Sept 87 DoD implementation leter signed mid-Sept 87	DoD-proposed changes do not go as far as Packard recommendations Distribution of regulations expected in DAC 86-7 Oct 1987.	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			July 1987 DAR Council approved changes to DFARS. July 1987, senior level working group (DASD (P), DoD IG, OSD Gen Counsel,, Services, and DLA) met to discuss regulations. Regulations still under review. Working group awaiting input by OSD Gen. Counsel.		
Such amended provisions should include an explicit requirement that suspension and debarment must be related to a lack of present responsibility before either sanction is applied.	[Not addressed)	[Not addressed)	[See page 1]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)
For example, adequate evidence of the occurrence of a criminal offense by a contractor or its employee should not necessarily result in suspension.	[Not addressed]	[Not addressed]	[See page 1]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)
Nor should conviction for a prior offense be the sole predicate for debarment.	[Not addressed]	[Not addressed]	[See page 1]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Basis for imposition of suspension or debarment is lacking unless the suspending or debarring authority determines that conditions causing the criminal misconduct are present problems within the company. Provisions referred to above setting forth particular conditions in which a contractor may be suspended or debarred should be amended to clarify that such a condition is sufficient basis only if it can be linked to a lack of contractor present responsibility.	[Not addressed]	[Not addressed]	The regulatory changes authorize a decision not to debar or suspend where the remedial action taken or agreed to be taken by the contractor demonstrates the requisite integrity to continue as a defense contractor [See page 1]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Administration of suspension/debarment would also be improved if regulations were amended to include specific criteria to be considered in determining whether a contractor is "presently responsible." Such criteria are not now set forth in the regulations. The following are recommended for consideration as proper criteria:	[Not addressed]	[Not addressed]	A section in DAR Case 86-157 provides that where the contracor can demonstrate it has adopted the principles of corporate self-governance set forth in the regulation, the debarring officials may decide not to debar a contractor that has been convicted for former (but not ongoing) conduct. Where the contractor has not adopted those principles prior to being considered for debarment, but agrees to do so in a satisfactory manner, the debarring official with the approval of the Service Secretary may agree not to debar the contractor convicted of former conduct. (See also page 1)	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
•The nature of integrity programs, if any, currently being implemented by the contractor. The debarring/suspending authority should be particularly interested in the extent of the contractor's affirmative efforts to implement ethical standards of conduct that address contract performance and systems of internal controls to monitor compliance with those standards. •The contractor's reputation for probity on recent procurements with DoD and other federal agencies.	[Not addressed]	[Not addressed]	[See above]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)
•The reputation of the contractor's management and directors in recent circumstances as persons of good character and integrity. •The extent to which misconduct is symptomatic of basic systemic problems within the corporation as opposed to isolated, aberrational corporate behavior.	[Not addressed]	[Not addressed]	[See above]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
• The nature and extent of voluntary disclosure and cooperation offered by the contractor in identifying and investigating the misconduct. • The sufficiency of remedial measures taken to eliminate the causes of the misconduct.	[Not addressed]	[Not addressed]	[See above]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Except where a contractor's misconduct endangers life or property, in which case the government's interest is clearly indicated, the Federal Acquisition Regulation should be amended to mandate review of the effect a proposed suspension/debarment might have on the ability of DoD and other government agencies to obtain needed goods or services.	[Not addressed]	[Not addressed]	DoD does have this flexibility under "compelling reasons".		Original OPR OGC Implementation in Regulations is DASD(P)
In making the public interest determination, the suspending or debarring agency should consult with agencies both within and outside DoD.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)
The current practice of "automatic" suspension of contractors following indictment on contract fraud should be reconsidered by DoD with a view that it be more discriminating and take into account all circumstances of a particular situation.	[Not addressed]	[Not addressed]	[See page 1]	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Once a determination is made to suspend or debar a contractor, the Military Service or DLA must determine the appropriate scope of the order.	[Not addressed]	[Not addressed]	A senior level working group (DASD(P), IG, DoD IG, OSD Gen Counsel, Services, DLA) was established identifying the need for additional guidance and to improve coordination among suspension and debarment activities of the Military Depts and Defense Agencies. Additionally, the Civilian Agency Acquis. Council (CAAC) and the Def Acquis Regulatory Council (DFARC) are considering changes to the FAR (FAR Case 87-24) concerning debarment and suspension procedures.	[See page 1] Comments to proposed rule due 9/28/87 Publish final rule	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			Among other changes, the revisions would extend debarment and suspension ineligibility to subcontracting, require a certification of eligibility prior to contract or subcontract award, and (consistent with a 2/87 GAO report) render contractors ineligible for award Govt.-wide upon issuance of a Notice of Proposed Debarment. A proposed rule with these changes was published in the Federal Register on July 31, 1987 for public comment.		
Given the significance and difficulty of these determinations, responsible officials should have more specific guidance in considering the scope of possible suspension or debarment actions.	[Not addressed]	[Not addressed]	[See above]	[See above]	Original OPR OGC Implementation in Regulations is DASD(P)
The FAR should mandate review to the extent to which the misconduct was confined to a particular organizational unit and the autonomy of that unit.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The FAR should mandate review to the extent of knowledge corporate management and directors had of the relevant misconduct.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)
The FAR should mandate review the extent to which sanctions must be imposed to provide a minimum protection of the public interest.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)
The FAR should mandate review to other effects that could occur if organizational units other than that within which the misconduct occurred are suspended or debarred.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)
Suspending and debarring authorities should craft application of these sanctions as narrowly as possible to exclude only those organizational units that threaten the integrity of the procurement process.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Given the severity of suspension and debarment, the Commission believes that uniform procedures should guide the review and decision-making process in each of the agencies.	[Not addressed]	[Not addressed]	A senior level working group (DASD(P), IG, DoD IG, OSD Gen Counsel, Services, DLA) was established identifying the need for additional guidance and to improve coordination among suspension and debarment activities of the Military Depts and Defense Agencies.	[See page 1]	Original OPR OGC Implementation in Regulations is DASD(P)
			Additionally, the Civilian Agency Acquis. Council (CAAC) and the Def Acquis Regulatory Council (DFARC) are considering changes to the FAR (FAR Case 87-24) concerning debarment and suspension procedures.	Comments to proposed rule due 9/28/87 Publish final rule	

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			Among other changes, the revisions would extend debarment and suspension ineligibility to subcontracting, require a certifcation of eligibility prior to contract or subcontract award, and (consistent with a 2/87 GAO report) render contractors ineligible for award Govt.-wide upon issuance of a Notice of Proposed Debarment. A proposed rule with these changes was published in the Federal Register on July 31, 1987 for public comment.		
It is, for example very important that debarring officials in each agency should be of a similar stature and that hearing procedures should be comparable.	[Not addressed]	[Not addressed]	[Not specifically addressed]		Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The Secretary of Defense should ensure that uniform policies govern each agency's decision-making process and the Federal Acquisition Regulation should be amended to so require.	[Not addressed]	[Not addressed]	A senior level working group (DASD(P), IG, DoD IG, OSD Gen Counsel, Services, DLA) was established identifying the need for additional guidance and to improve coordination among suspension and debarment activities of the Military Depts and Defense Agencies. Additionally, the Civilian Agency Acquis. Council (CAAC) and the Def Acquis Regulatory Council (DFARC) are considering changes to the FAR (FAR Case 87-24) concerning debarment and suspension procedures.	[See page 1] Comments to proposed rule due 9/28/87 Publish final rule	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			Among other changes, the revisions would extend debarment and suspension ineligibility to subcontracting, require a certifcation of eligibility prior to contract or subcontract award, and (consistent with a 2/87 GAO report) render contractors ineligible for award Govt.-wide upon issuance of a Notice of Proposed Debarment. A proposed rule with these changes was published in the Federal Register on July 31, 1987 for public comment.		

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The government should expand its use of and more aggressively pursue civil remedies.	(Not addressed)	Program Fraud Civil Remedies Act of 1986, PL 99-509, enacted October 21, 1986. The Act authorizes each federal agency to administratively adjudicate false ficticious, and fraudulant claims below $150,000 in Govt. programs. DoJ must first turn down litigation on the claim and approve admin. adjudication by the agency under the Administration Procedures Act.	Program Fraud...Act: Proposed rule implementing Act was published inthe Federal Register July 16, 1987 for public comment. Rule: estalishes an administrative process in DoD and Services for the adjudication of fraudulent claims of less than $150,000 or false statements; establishes a process for imposing liability of up to $5,000 per claim or statement and double damages on anyone who with knowledge or reason submits a false ficticious, or fraudulent claim or statement to an authority; establishes procedure whereby DoJ authorizes DoD or Service presiding officer to seek administrative adjudication. Comments due by August 17, 1986.	Program Fraud...Act: -Receive/Review Public comments -Publish Final Rule	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
		Civil False Claims Act amended by False Claims Amendment Act of 1986, PL 99-562, enacted October 27, 1986. The Act: increases penalties and damages which defendants under False Claims Act are liable; broadens the scope of liability under that act; gives DoJ authority to issue investigative demands prior to filing a complaint; increases incentives for private individuals to bring suits on behalf of the Govt.; and makes a number of procedural changes for the conduct of false claims suits.			Original OPR OGC Implementation in Regulations is DASD(P)
To make civil enforcement more effective, our Interim Report recommended specific measures that include the passage of Administration proposals to amend the Civil False Claims Act and to establish administrative adjudication of small civil false claims cases.	(Not addressed)	Civil False Claims Act amended, PL 99-562, October 26, 1986. Program Fraud Civil Remedies Act of 1986 PL 99-509 enacted Oct 21, 1986 (See above)	(See above)	(See above)	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
It is suggested that those officials charged with administration of suspension/debarment -- in particular instances when the propriety of imposition of suspension is questionable -- give greater consideration to civil sanctions as a complete remedy. For such an alternative to be effective, DoD must have available to it expanded civil remedies for recovery of assets.	(Not addressed)	See above)	(See above)	(See above)	Original OPR OGC Implementation in Regulations is DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Clarify the Need for Technical Data Rights DoD must recognize the delicate and necessary balance between the government requirement for technical data and the benefits to the nation that comes from protecting the private sector's proprietary rights.	[Not addressed]	Public Law 99-591, directed the SecDef to prescribe regulations defining the legitimate interests of the United States, its contractors and subcontractors in technical data. By law, regulations are to be in place by April 17, 1987. DoD will meet the implementation date.	On January 16, 1987 the Defense Acquisition Regulatory Council published revised regulatory coverage concerning rights in technical data in the Federal Register for public comment. The rule contains DoD policies, definitions, and procedures for acquiring technical data. The Council has based the new regulatory coverage on of Public Law 99-591 and the Packard Commission recommendations. The DAR Council has revised present policy, taking into consideration public comments received in response to the Federal Register notice of January 16 as well as public meetings. The final rule was implemented within DoD on May 15, 1987.		ASD(P&L)P/DARS

TAB P

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			The new regulatory coverage balances the government's need to encourage innovation and private development for satisfying government requirements with the sometimes conflicting need to obtain rights in technical data for purpose of competition.		
That balance (referenced above) must be such so as to foster technological innovation and private investment which is so important in developing products vital to our defense.	[Not addressed]	[See above]	[See above]		ASD(P&L)P/DARS

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
DoD should adopt a technical data rights policy that reflects the following principles:	[Not addressed]	[See above]	The new regulatory coverage balances the government's need to encourage innovation and private development for satisfying government requirements with the sometimes conflicting need to obtain rights in technical data for purpose of competition. Major elements of the new regulations are: Directions to Contracting Officers to obtain only such minimum data and data rights as are essential to meet the government's needs.		ASD(P&L)P/DARS

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
			Contracting Officers to identify data and data rights needs before award and, in major systems programs, prior to entering full scale development. Definitions of terms "developed," "government purpose license rights" and "private expense." Further, the overall coverage has been clarified, simplified and reorganized.		ASD(P&L)P/DARS
• If a product has been developed with private funds, the government should not demand, as a precondition for buying that product, unlimited data rights (except as necessary for installation, operation, and maintenance), even if the government provides the only market. Should the government plan later to seek additional (competitive) sources, the required data rights should be obtained through the least obtrusive means (e.g, directed licensing) rather than through the pursuit of unlimited rights.	[Not addressed]	[See above]	If development is privately funded, Government is entitled only to limited rights.		ASD(P&L)P/ DARS

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
• If a product is to be developed with mixed private and government funding, the governement's right to the data should entitle the contractor to regain ownership of the data, subject to a license to the government on a royalty-free or fair royalty basis.	[Not addressed]	[See above]	For mixed funding, if contractor funds at least 50%, Government Purpose License Rights normally will be obtained.		ASD(P&L)P/DARS
• If a product is developed entirely with government funds, the government normally acquires all the rights in the resulting data. To foster innovation, however, the government should permit the rights to reside in the contractor, subject to a royalty-free license, if the data are not for dissemination, publication, or competition.	[Not addressed]	[See above]	If government funded entire development, unlimited data rights normally will be obtained.		ASD(P&L)P/DARS
In order to operate and maintain the systems it acquires, DoD must have certain rights to use internally technical data pertaining to products developed by its contractors.	[Not addressed]	[See above]	Rule establishes these rights.		ASD(P&L)P/DARS

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
In this request (to be fully responsive to the statutes, clear and consistent enough to be followed, and equitable), DoD's rights in technical data contract clause should be simplified and made more precise and workable.	[Not addressed]	[See above]	Rule includes simplified rewrite of Technical Data and Computer Software clause.[See page 1]		ASD(P&L)P/DARS
In addition to refinement of the statutes and basic reworking of the procurement regulations touching on technical data, improvements are needed in the areas of commercial products data, soft ware (which should have special treatment), and technical data management.	[Not addressed]	PL 99-591 protects contractor rights on commercial products data; cannot be required to relinquish as contract condition.	DAR Council has established committee to rewrite regulatory coverage of software. Draft DoDD 5010.12 revises policy on Technical Data management. Initiatives to automate Technical Data Repositories underway.	Issue DoDD 5010.12 Fiinal coordination being requested for Nov. 30, 87	ASD(P&L)P/DARS ASD(P&L)PS

TAB Q

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Industrial Mobilization We (the Commission) recommend that the President through NSC establish a comprehense and effective national industrial responsiveness policy to support the full spectrum of potential emergencies.	[Not addressed]	[Not addressed]	The NSC has established the National Mobilization Interagency Group for this matter. Two NSDD's have been issued. They are NSDD 47 and NSDD 188. DoD task force developing an industrial base strategy. Will develop action plan for improving industrial responsiveness.	Fall 87	PS/IR
The SecDef with advice from the JCS, should respond with a general statement of surge mobilization requirements for basic war time defense industries, and logistic needs to support these industries and the essential economy.	[Not addressed]	[Not addressed]	Objective is currently included in mobilization policy section of Def. Guidance. Implementation dependent on resources. Joint Industrial Mobilization Planning Process (JIMPP) in development to improve emergency. requirements identification.	Continuing JIMPP will be tested during summer serial exercises supporting Proud Scout 88 with a draft final report by Dec 87	PS/IR
The DOD and Service Acquisition Executives should consider this mobilization guidance in formulating their acquisition policy and PMs should incorporate industrial surge and mobilization considerations in program execution.	[Not addressed]	[Not addressed]	This policy is integrated into DAB process via DODD 5000.1 & DODI 5000.2. Army policy in place. OSD review planned.	Implement DoDD 5000.1 and DoDI 5000.2 OSD review in Fall 87	PS

TAB R

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
Enhance the Quality of Acquisition Personnel DoD must be able to attract and retain the caliber of people necessary for a quality acquisition program.	Within 60 days the SecDef shall report to the President on measures to strengthen personnel management policies for civilian managers and employees having contracting, procurement or other acquisition responsibilities.	PL 99-591 requires SecDef to submit a plan to enhance acquisition personnel and a plan for an alternative personnel system.	(NSDD-219) Report submitted in Jun 86: Established P&L initiative to identify work force initiatives; identify need for new initiatives; consolidate actions. Services are doing more recruiting on college campuses. (PL 99-591) Plan submitted by DepSecDef May 1987 included two sets of initiatives: - Administration's proposed Civil Service Simplification Act (CSSA) - Requirement for 24-hours business-related courses to qualify for procurement positions	Administration through Office of Personnel Management resubmitted CSSA in Jan 87. House sponsor identified in June. No Senate sponsor yet.	DOD: FM&P USD(A): DASD(P) DASD(L)
Significant improvements should be made in the senior-level Presidential appointment system.	[Not specifically addressed]	(Not addressed)	(Not addressed)		DOD: ASD(FM&P) (White House issue)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
The SecDef should have increased authority to establish flexible personnel management policies necessary to improve defense acquisition.	[Not specifically addressed]	[PL 99-591 See above]	DoD proposed CSSA for alternative personnel system based on China Lake approach. OPM preferred government-wide change vice change tailored to acquisition personnel. [See page 1]	[See above]	
An alternate personnel management system should be established to include senior acquisition personnel and contracting officers as well as scientists and engineers.	[Not specifically addressed]	[PL 99-591 See above]	[See above]	[See above]	ASD(FM&P) DASD(P)
Federal regulations should establish business related education and experience criteria for civilian contacting personnel, which will provide a basis for the professionalization of their career paths.	[Not specifically addressed]	[PL 99-591 See above]	DepSecDef proposed this change to OPM on 1/10/86. OPM response said they will work with DoD. [See also block 1 page 1]	FM&P now working with OPM on this matter. Draft qualification standard now being informally reviewed.	DOD: ASD(FM&P) USD(A): DASD(P)
Federal law should permit expanded opportunities for the education and training of all civilian acquisition personnel.	[Not specifically addressed]	[See above]	Proposed legislation submitted to OMB for clearance in May 87. Proposal included in DepSecDef report to Congress. [See page 1, block 1]	Proposed legislation under discussion between OPM and FM&P	DOD: ASD(FM&P) USD(A): DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
A recent report of the Presidential Appointee Project of the National Academy of Public Administration analyzed this problem, (difficulty in recruiting capable executives) and details twenty-three seperate recommendations for improving the recruitment of senior-level executive branch pesonnel. We (the Commission) strongly support these proposals. Comparable improvements also are required for effective middle management and better line personnel.	[Not specifically addressed]	(Not addressed)	(Not addressed)		ASD(FM&P)
We (the Commission) therefore recommend that federal law permit the SecDef to include other critical acquisition personnel in such a system (Navy's so-called China Lake personnel project)	[Not specifically addressed]	[PL 99-591 See page 1]	[See page 1]	[See page 1]	ASD(FM&P) DASD(P)
We (the Commission) therefore recommend that federal law permit the SecDef to ...faciliate greater professionalism among civilian acquisition employees through government sponsorship of graduate instruction in acquisition management.	[Not specifically addressed]	[Not specifically addressed]	A draft directive to establish a Defense University for Acquisition Management (DUAM) was forwarded for formal coordination in May 87. (See page 2 block 3)	Services and OSD are meeting periodically to work out operational details of DoD Directive to establish a Defense Institute for Acquisition Management. Deadline for Directive is Dec 87 [See also page 2 block 3]	ASD(FM&P) DASD(P)

USD(A) IMPLEMENTATION TRACKING

Packard Recommendations	NSDD 219	Pertinent Legislation	DoD Actions Taken	Outstanding Issues/Anticipated Completion	OPR
We (the Commission) recommend establishing a minimum education and/or experience requirement for the contract specialist series.	[Not specifically addressed]	[Not specifically addressed]	See page 2 block 1 (See also next below)	See page 2, block 3]	ASD(FM&P) DASD(P)
Independently, DoD should enhance the professional status of contract specialist by increasing the number outside hires, conducting on-campus recruiting, mandatory use of written tests for in-service placement and promotion, and establishing upward mobility programs for purchasing agents (GS-1106) and procurement clerks (GS-1106).	[Not specifically addressed]	[Not specifically addressed]	DODD 5000.23 and DODD 5000.48, issued 12/9/86, establish training and experience requirements for program management and procurement personnel. OPM established contract specialist exam with DoD support.		DASD(P)
Such training like that provided generally in DOD intern programs should be centrally managed and funded.	[Not specifically addressed]	[Not specifically addressed]	A procurement training base review led to a recommendation for establishment of a Defense Acquisition University. This University would be an umbrella organization to coordinate utilization of civilian programs and already established DOD programs. [See also page 3 block 3]	Services and OSD are meeting periodically to work out operational details of DoD Directive to establish a Defense Institute for Acquisition Management. Deadline for Directive is Dec 87	DASD(P)

Chairman NUNN. I think we ought to clarify. You are giving your personal views, is that correct?

Mr. GODWIN That is correct.

Chairman NUNN. You are not here this morning speaking for the Department?

Mr. GODWIN. No. I had submitted my resignation. However, at this time it has not been accepted, and accordingly my remarks were prepared before I knew I would not be testifying as a private citizen.

Chairman NUNN. You had anticipated that today you would be a private citizen?

Mr. GODWIN. Yes, I had.

Chairman NUNN. Just for the record of the committee, Mr. Godwin preferred that he come after this resignation had been effective, and we had scheduled the hearing last week, and he made that request and I accommodated that request by deferring the hearing until he thought he would be a private citizen.

It turns out he still has not had his resignation accepted, but that was the intent. I just have really one question and I'll defer to Senator Bingaman for the remainder of my time.

You seem to be saying the legislative mandate itself was broad in nature and that if we really have specific intention we are going to have to write a good deal of the Packard Commission recommendations into law. Is that what you are saying?

Mr. GODWIN. No. I do think we have to clarify exactly what was meant by the law, however. I do not think it is necessary to do this through legislation, but there is so much left to interpretation both in the law and in the Packard report, that anyone can make a case to do almost anything they would like to do.

Let me try to give you an example. Let us assume the Under Secretary of Defense for Acquisition has directive authority over the service secretaries, and a directive is written and a service secretary receives it.

The reply which I sometimes received was that this was not a matter of acquisition, it was a "budget problem;" or it was some other item of business; and accordingly, the directive or the request is ignored.

Therefore, as I say, somebody has to define exactly what acquisition is, what does it include, what are the authorities of the Under Secretary of Defense for Acquisition, and what were they intended to be in these various matters.

In addition, the papers and pronouncements which were made and instituted as charters and directives were considerably diluted overtime from the initial charter statements where everyone had a chance to comment to the final draft—so a certain amount of dilution is built into the system simply because we were trying to solve a myriad number of questions that were brought up by the services and the Office of the Secretary of Defense.

Chairman NUNN. Senator Bingaman, I will yield my remaining time to you.

Senator BINGAMAN. On the bottom of page 5, I think you get to the heart of the problem or at least part of the problem, where you are "This situation has been complicated by a legal opinion which questions the authority of the Under Secretary of Defense for Acquisition to direct the services on these matters."

I would like you to elaborate on that. I understand there was a Department of Defense general counsel opinion that you felt undermined your authority as the Congress had intended it to be. Could you describe that to us?

Mr. **Godwin**. The paper which brought this question to light was a letter from the General Counsel of the Department of Defense, dated June 17, 1987——

Senator **Dixon**. Mr. Chairman, may I interrupt the distinguished Secretary to ask that that letter be placed in the record.

Senator **Bingaman**. That will be placed in the record.

[The material referred to follows:]

Department of Defense,
Washington, DC, June 17, 1987.

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION)

Subject: DOD Directive 5000.1, .2, .49, Defense Acquisition Structure and Procedures

This is in response to your request for our comments on revisions to DOD Directive 5000.1 and DOD Instruction 5000.2, and on DOD 5000.49 that would charter the Defense Acquisition Board.

The proposed revisions to DOD Directive 5000.1 and DOD Instruction 5000.2 appear to establish direct line authority between the Defense Acquisition Executive (DAE) and individuals such as the program manager and the Service Acquisition Executive, who are subordinate to the Service Secretaries (See: DODD 5000.1 paras. C.1.c.; C.2.d.6.; D.4.; E.5.d.; E.6.a.(2); E.6.c.(3); E.6.d.(3); E.7; similar provisions are included in the DODI 5000.2). Under the current statutory scheme, the Under Secretary of Defense (Acquisition) (USD(A)) has the authority to direct the Secretaries of the Military Departments in matters concerning acquisition. The Secretaries of the Military Departments, in turn, have the responsibility to manage their subordinates. We cannot tell from the way that these provisions in DODD 5000.1 and DODI 5000.2 are fashioned whether they will result in an intrusion on the authority of the Service Secretaries. To the extent that the Service Secretaries acquiesce in the relationship established by these provisions, we interpose no legal objection. To the extent the Service Secretaries do object, these provisions would be difficult to defend under the current statutory scheme.

Paragraph E.5.e. of DODD 5000.1 summarizes, in the first sentence, the definition of the Low Rate Initial Production report to Congress. Because the timing and content of this report are prescribed by statute, it would avoid the potential for conflict if this directive stated precisely rather than paraphrased this information. As a minimum, I recommend that the words "or key component of a weapons system" be inserted after "weapon system" in line three to avoid any inference that this provision limits the operational testing. See also paragraph E.6.d.

Paragraph E.5.e. also provides for submissions of the Low Rate Initial Production report to Congress by the DAE. Section 138 of title 10, United States Code, provides that this report is submitted to the Committees on Armed Services and Appropriations, the Secretary of Defense, and the USD(A) by the Director of Operational Test and Evaluation (OT&E). Section 138 also provides that the report of the Director, OT&E, must be submitted to the Committees in precisely the same form and with the same content as submitted to the Secretary of Defense, although it may be accomplished by such comments as the Secretary and USD(A) may wish to make. The Committees, in adding the USD(A) as a recipient of the reports of the Director, OT&E, made clear that they were maintaining the requirements that the Director, OT&E, report directly to the Secretary. While these relationships may not be changed by the directive, it would be appropriate to implement the role of the USD(A) to comment on the Director, OT&E's reports at this point in the directive.

Paragraph E.5.f. paraphrases imprecisely the statutory requirement for the Manpower Estimate Report and makes no reference to the statute that levies the requirement for this submission. This may lead those who undertake to apply the directive to believe that there has been a modification of the statute, which may not be done by the directive. In light of the difficulties to date in meeting the requirement for this report, I recommend that the statute be cited, and its requirements and timing be stated more precisely (see also DODI 5000.2, para. D.3.d.(3)(g) (sic—top page 5, note that paragraph numbering/lettering is off)).

Paragraph E.8. introduces a new term "Major Acquisitions" which does not have the same meaning as the statutorily defined term "Major Defense Acquisition Program" (see 10 U.S.C. § 2432(a)(1)). While this is legally permissible, it invites confusion in identifying when a statutory requirement is involved as opposed to one that is regulatory. If it is intended to introduce a new concept, I recommend that this be made clear and also state that the statutory requirements that apply with respect to "Major Defense Acquisition Programs" are not being altered. Alternatively, the statutory term should be used and its statutory definition retained without change.

It is becoming more common for statutes to levy requirements that are keyed to the milestones prescribed as part of the major systems acquisition procedures. One example is the Manpower Estimate Report, referenced in a comment above, that is prescribed by section 1208 of the National Defense Authorization Act, 1987, that amended section 2434(a) of title 10, United States Code. The difficulties that we have experienced in satisfying section 1208 in connection with programs like AMRAAM and SRAM II seem to stem to a large extent from a lack of a clear definition of the milestones generally and in particular for each program. The need to maintain flexibility is understandable. We would be in a better position to respond to these statutory requirements, if 5000.1 and 5000.2 stated more precisely what is contemplated by each milestone and required for each program that the milestones be defined with greater specificity in the acquisition strategy and in decision documents.

I have attached a list of editorial or technical corrections to assist the drafters. When the substantive issues noted above have been addressed, and other changes identified during the coordination process have been made, we will review the resulting directives and instruction to assure no legal issues remain.

DENNIS H. TROSCH,
Assistant General Counsel (Logistics).

Attachment.

EDITORIAL AND TECHNICAL CORRECTIONS

DODD 5000.1:

Paragraph E.5.d.—The *acronym "ADM" is used* twice before it is defined.

Paragraph E.6.—States there are *five phases* in the acquisition process, but lists only four.

Paragraph E.6.c.(1)—What is intended by the reference to the "*formal*" FSD contract? There *cannot be an informal* government contract.

Paragraph E.6.e.(2)—The lead-in of the second sentence, before the listing, is incomplete. I suggest that "to assess whether" be added after "deliberations are."

Paragraph F.3.a.—"than" should be "that."

DODI 5000.2:

Paragraph C.2.—The reference should be to both the "*FAR and the DFARS*" vice the "DARS."

Paragraph D.3.—Subparagraph "a" has been omitted.

Paragraph D.3.d.(3)—The numbering/lettering of the paragraphs breaks down, with (3) followed by (g).

Senator BINGAMAN. Go right ahead.

Mr. GODWIN. The intent of those in the process of developing these directives was that they wanted to give the Under Secretary of Defense for Acquisition the authority to direct the services. However, this is a statement of our General Counsel, which I will not read in total, but, if I just might read part of it which I think is germane, it says:

> Under the current statutory scheme, the Under Secretary of Defense for Acquisition has the authority to direct the secretaries of the military departments in matters concerning acquisition. The secretaries of the military departments in turn have the responsibility to manage their subordinates.

We cannot tell from the way that these provisions—and it refers to the directive—"result in an intrusion in the authority of the service secretaries." Then it goes on to say, and this is the key: "To the extent that the service secretaries acquiesce in relationships established by these provisions, we interpose no legal objection.

To the extent that the service secretaries do object, these provisions would be difficult to defend under the current statutory scheme.

In other words, if the secretaries agreed with me it would stick. If they disagreed with me, they did not have to concur. And that is an example of what I would call diluting the directive.

The directive said all the right words, but as a practical matter the principles in the Department of Defense knew what the General Counsel had said. It essentially undermined the ability to perform the job almost from the outset.

Senator BINGAMAN. So in your view, with that Department of Defense legal opinion in place, something has to be done to override that and clarify. If the Congress, as I believe it did, intended for you to have the authority to direct the secretaries, we have got to specify that: is that your conclusion or not?

Mr. GODWIN. The directive, as it was published, gave me that authority. The problem was, of course, that others in the Department knew this determination was in existence and, therefore, I would say, it was more in the category of diluting the authority, rather than the fact of the directive or somebody opposing it.

Senator BINGAMAN. So some legal clarification has got to be done or else the service secretaries are free to ignore your directives as the situation now stands?

Mr. GODWIN. That is the way I interpret it, yes.

Senator BINGAMAN. Let me ask on another issue, on baselining. We added a new statutory provision regarding baselining here in Congress, which will require the services to establish baseline descriptions of each major acquisition before entering a full scale engineering and development, and before entering full rate production.

I would be interested in your comments as to whether the services have been responsible or responsive to you in your efforts to implement that baselining requirement.

Mr. GODWIN. The services were requested—or directed, in August 1986 by the Deputy Secretary of Defense to prepare what were known as baseline plans for all of our major acquisitions of weapons systems.

Up until the legislative requirement to provide baselines for Enterprise programs, we have received none. That was some 8 or 9 months later. Then we received the three or four which were identified under the specific statute for the Enterprise program.

I think it is fair to say as of the present time we have not received any of the others.

Senator BINGAMAN. So I guess the short answer is you do not believe the services have been responsible in allowing that baselining procedure to be implemented?

Mr. GODWIN. That is correct.

Senator WARNER. Would the member yield for an announcement? I have contacted Mr. Taft and the chairman has agreed to my request. Mr. Taft will now appear immediately following this testimony.

Senator BINGAMAN. Let me ask on the staffing issue. I understand you appeared in March before the subcommittee that we have on the Defense Industry and Technology. I asked you about vacancies in the organization and you testified at that time that three of the top six positions in your organization were still unfilled.

I think that was the Director of Defense Research and Engineering, the Deputy Under Secretary, and the Director of Program Operations.

We are now 6 months further on. I would be interested in whether those positions have been filled at this time, to the extent they have not been what the explanation is.

Mr. GODWIN. I believe it is fair to say that individuals for all of the positions have been identified. The Deputy Secretary of Defense for Acquisition has been identified. He is working in the Pentagon as an unpaid consultant, awaiting nomination and confirmation by the Senate.

He was identified, I believe, back in March or February. So for our purposes he is on board. It is a matter of getting him confirmed.

Senator BINGAMAN. But he has not been nominated for the position?

Mr. GODWIN. No.

Senator BINGAMAN. He was identified in February, but he has not yet been proposed to the Congress?

Mr. GODWIN. I believe that is correct.

As far as the position of Director of Defense Research and Engineering, this position will be occupied by the present head of DARPA. He is identified and he is also on the job. He has to go through a re-examination of his security clearances and also the financial disclosure system.

His position is identical to the Deputy Under Secretary. He has been identified and is awaiting nomination and confirmation.

The third one is William Small. He was designated and identified, I believe, back in January or February as the man we wanted for the Assistant Secretary for Program Operations in the Office of Under Secretary of Defense for Acquisition.

He has been working as consultant since, I believe, February, and he is also awaiting nomination and confirmation. I am sad to report that, with my departure, he has elected to withdraw his name from consideration.

Senator BINGAMAN. I will return to this question.

My time is up, but I will return to it when it comes back around.

Senator Quayle, you are next.

Senator QUAYLE. Thank you, Mr. Chairman.

Mr. Godwin, I would like to get down into some of the specifics on how you think this legislation is not working. I gathered from your testimony that the third element that you have concern about, cultural changes, is probably the biggest problem; that you went over there and, even though you had this authority, but from a cultural or institutional point of view, it was very difficult to get this authority that we had given you across.

That is the way I read your testimony.

Mr. GODWIN. That is correct.

Senator QUAYLE. And taking the third aspect, the cultural environment, it is the most difficult that you faced. Having established that, I would like to get into some of the specifics on where you feel that you did not either, one, have the authority to direct the secretaries or the acquisition people in the services, or two, if when you took your complaints to the Secretary of Defense and said you wanted to direct and to get this done and he basically overruled you.

What I would like to do is see what it is that is the straw that broke the camel's back. I am trying to get a couple of the specifics. I accept that it is probably more of a general problem of the culture, and I think anybody who is going to go over there being the first one out of the box is going to have some difficult times.

But I would like to get some specifics, so that we might have, as we contemplate what we are going to do—if you could lay out, you know, either things where the Secretary of Defense overrules you in your request or, two, where feel specifically things that you wanted to do that you did not think you could get done because you lacked sufficient statutory authority.

So I need some examples so we can say, well, it was a case of where Mr. Godwin wanted to tell the Secretary to do X thing and he was overruled either by the Secretary of Defense or the Secretary said, you don't have that authority to do it.

Can you lay out these examples that really you think you were thwarted over there?

Mr. GODWIN. There is a tendency to think of areas where I have been overruled. There were cases where I was overruled, but these are the minority and there were many people involved.

We had the category of activities where we might have a different point of view on a particular weapons system. I would say that in 99 percent of the cases, the Secretary agreed with me or supported me.

Senator QUAYLE. That is a good batting average.

Mr. GODWIN. I must emphasize again, this is not the issue which brought us to this forum. I hope my testimony has made it clear that it is not the issue as far as I am concerned. It is not the reason I resigned.

Senator QUAYLE. Who were your chief adversaries in taking these things to the Secretary? The service secretaries, is that who you are battling, or are you just battling everybody?

Mr. GODWIN. We were introducing a new acquisition system on top of an ongoing system. Everybody agreed that it was desirable, and that we were on the right track, until it began to impinge on their turf.

Senator QUAYLE. Who is "they"?

Mr. GODWIN. Key figures in the present acquisition system.

Senator QUAYLE. But you have the authority to direct.

Mr. GODWIN. Yes, I have the authority to direct, or a better way to put it is, I have the authority to write a letter. But as I pointed out to you in the case we were just discussing, again, I would just as soon not get into specifics here. I would be glad to give you any of the details separately.

Some of them are classified and some of them are situations we have long since solved, and I would just as soon not bring them up again.

Senator QUAYLE. If we have solved them, obviously those are not ones that are necessary, although I think it would be helpful to the committee to see, the fact that the system has solved a lot of the problems.

If it is classified, I am the last one to want to open things up for more information. I think we do that too much already.

But let me tell you something. If we are going to get into having a hearing on what supposedly went wrong, we have got to have some examples. We have got to have some specific cases.

And you have got to cite us saying, I went to direct the Secretary of the Air Force to buy only this amount of widgets, and he said, well, I am not going to do that, and disregarded you and go on and do something, and you took it in to the Secretary and the Secretary says, I agree with the Secretary of the Air Force.

I mean, is that the kind of situation that we have?

Mr. **Godwin**. Let me give you an example. Several months ago, I requested the Secretary of the Navy to provide me with the Navy's air plan. We have, as you know, considerations for aircraft for all the services.

It is important, as far as the acquisition system and the Defense Acquisition Board are concerned, to understand what each of the services is planning in order to make reasonable decisions as to what kind of aircraft we should acquire, what kind of commonality we can build in, and what we can afford and maintain.

Having written a letter asking for this plan, I was advised that they had looked into the matter and they did not think this was an acquisition matter, and, accordingly, it was refused.

Senator **Warner**. Mr. Chairman, Mr. Quayle, I must get to the floor and I think your time has expired. I am going to ask the chair if I might——

Senator **Bingaman**. Senator Dixon was next. Would you be willing to defer to Senator Warner?

Senator **Dixon**. Yes.

Senator **Quayle**. Could he answer the question?

Senator **Bingaman**. I would like him to finish the answer to this, and Senator Warner can start his question. Why do you not go ahead with your answer and Senator Warner can ask his question.

Mr. **Godwin**. That is an example of a case where I asked for something and I was turned down because it did not fall in the acquisition system by their definition. They had that right, but I did go to the Secretary of Defense, who then directed the Secretary of the Navy to provide it. As best I can determine, the Secretary of the Navy is going to provide it.

Senator **Quayle**. Then you won that.

Mr. **Godwin**. I have won that, but lost my case in the sense that that was not the whole problem. As I mentioned before, there is no doubt that the Secretary of Defense can get the action requested; the question I was raising was whether the acquisition executive or the Under Secretary for Acquisition can get that action. That is the issue.

Senator **Quayle**. You got that action. The Secretary agreed with you.

Senator **Warner**. I ask unanimous consent that your letter to the chief executive officer outlining what you and other members of the committee propose to do in terms of the ad hoc defense industrial advisory group be included in the record, as well as the list of the senior executives across America that are consulting with you and other members of the committee on this general area of technology.

Of course, I am of the opinion that policies raised here in this testimony this morning are germane and a part of this very important work that you and others are conducting. Perhaps this could be duplicated so persons here this morning may follow this.

Senator BINGAMAN. That will be included in the record.

[The information follows:]

UNITED STATES SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 27, 1987.

Mr. JOHN D. RITTENHOUSE,
Aerospace & Defense, RCA Corporation, Route 38, Building 206-2, Cherry Hill, NJ.

DEAR MR. RITTENHOUSE: The Defense Industry and Technology Subcommittee is undertaking a major review of the health and vitality of the defense industrial base and its supporting technology. We believe a general consensus exists that these two underpinnings of national defense have seriously eroded, and unless this erosion is checked soon, we as a nation may be unable to provide our Armed Forces with the qualitatively superior systems needed. A key element of our review will examine the Defense acquisition system and its effect on government-industry relations. The Subcommittee plans to solicit views from industry, DOD, and academia as it works to find long-term solutions to the issues that are identified.

As we have discussed, we are forming an ad hoc defense industry advisory group with about 10 members to serve as expert advisors to the Subcommittee. We would like you to serve as the group's Chairman.

Our intent is to convene the advisory group here in Washington in September to discuss a number of issues. As an initial activity, we will focus on changes that may be needed in acquisition policy to strengthen the industrial and technological bases and, if so, to recommend specific legislative and regulatory changes.

We hope you will favorably respond to our invitation. We believe the issues confronting us in this area are critical, and we are confident your participation on the panel will serve the nation well.

Sincerely,

JEFF BINGAMAN,
Chairman, Subcommittee on Defense Industry and Technology.
PHIL GRAMM,
Ranking Minority Member.

AD HOC DEFENSE INDUSTRY ADVISORY GROUP, DEFENSE INDUSTRY AND TECHNOLOGY SUBCOMMITTEE, SENATE ARMED SERVICES COMMITTEE

John D. Rittenhouse, Sr., Senior Vice President, RCA Aerospace and Defense, Route 38, Building 206-2, Cherry Hill, New Jersey 08358.

Robert A. Fuhrman, President, Lockheed Corporation, 4500 Park Granada Boulevard, Calabasas, California 91399.

Norm R. Augustine, President, Martin Marietta Corporation, 6801 Rockledge Drive, Bethesda, Maryland 20817.

Donald H. White, President, Hughes Aircraft Company, P.O. Box 45066, Los Angeles, California 90045-0066.

Cliff Hall, Vice President for Technology, Sundstrand Corporation, 4747 Harrison Avenue, Rockford, Illinois 61125-7002.

William J. Perry, Chairman and Chief Executive Officer, H&Q Technology Partners, Inc., 3000 Sand Hill Road, Menlo Park, California 94025.

Earle C. Williams, President and Chief Executive Officer, BDM International, Inc., 7915 Jones Branch Drive, McLean, Virginia 22102.

Warde F. Wheaton, President, Honeywell Aerospace & Defense Group, Honeywell Plaza, Minneapolis, Minnesota 55408.

Paul Gross, Vice President and General Manager, Specialty Fasteners Division, Rexnord, 3000 West Lomita Boulevard, Torrance, California 90505.

Frank Pawlowski, President, Essex Electro Engineers, Inc., P.O. Box 707, Bensonville, Illinois 60106.

William R. Hoover, President, Computer Sciences Corporation, 2100 East Grand Avenue, El Segundo, California 90245.

Kent M. Black, President, Electronics Operations, Rockwell International Corporation, P.O. Box 10462, Dallas, Texas 75207.

Fred Israel, Managing Partner, Israel, Raley & Cohen, 1019 19th Street, N.W., Washington, D.C. 20036.

Senator **Warner**. I thank members of the committee for allowing me to proceed.

I am delighted that you have the opportunity to come up and dispel any inference that you were discouraged in any way to testify. You said, and I quoted it here: "No one pressured me not to proceed with this testimony this morning."

We talked. I still think it would have been more advisable for you to fold into this other group, the larger group, but that is history.

You have clarified that you felt you would be a free citizen this morning and therefore you had not sought the normal procedures to clear your testimony, and I will accept that. That does not pose any problem, because I think you are here in the spirit of goodwill, to contribute your experience and knowledge.

Mr. Taft will appear following your testimony. In the absence of the chairman, I express my appreciation to all to allow this to get back on track this morning in a more orderly process, so we can have a balance with respect to these issues.

The thing I want to pick up on is the line of questioning by my distinguished colleague. I have written down in my notes that you said the resistance was so strong, but not through lack of effort by the Secretary of Defense.

So it seems to me you stated that the Secretary of Defense is giving you 99 percent support. You were beginning to isolate where this resistance is. Having spent over 5 years in that Department, the word of the three secretaries under whom I was privileged to serve was law.

Has that changed now? Is Mr. Weinberger's word still the law, so to speak? Or is it that someone is not saluting and marching off to his instructions to back up Dick Godwin?

Mr. **Godwin**. You have probably hit the nail on the head. Of course the Secretary is the law in DOD and, as I pointed out, in that particular instance he is the individual who calls the shots.

I was trying to point out that he gives me complete support if I bring a particular problem to his attention. However, I can spend essentially my full working day standing at his door, passing him problems, but that was not helping him very much.

The purpose of the position of Under Secretary of Defense for Acquisition as I understood it, was to have somebody who had enough authority to do the job himself. So everybody is right on that question, and I said if the Secretary was going to do the job it was not necessary to have someone like myself around. That is a question of management style, I believe. Also, you put the testimony of the Deputy Secretary of Defense into the record——

Senator **Warner**. That is my next question. Have you had a chance to review that?

Mr. **Godwin**. I have seen parts of it, but I have not seen it all. The point I want to make is that his testimony is the best testimony I could possibly give, because it makes an excellent case for making no changes.

Senator **Warner**. That was my next question.

Mr. **Godwin**. In other words, it defends the system as it is now almost completely. I cannot argue with his rationale. There may not be a need to make changes, or what are reputed to be the suggestions that I made, simply because the system is working albeit inefficiently.

That is why I raised the point here, and have raised it in DOD, as to whether we are planning to institute or carry out the recommendations of the Packard Commission, which I believe call for changes.

Senator **Warner**. I thank you for your cooperation in getting Mr. Taft here and allowing me to participate here at the same time we are getting the floor straightened out.

Chairman **Nunn**. I am pleased Mr. Taft will be coming, and the Senator from Virginia had more to do with that than I did.

Senator **Warner**. I think we are getting to the heart of this issue. Do you feel that the law must be changed with respect to your area of responsibility? I think that is the immediate issue that led this committee to have this hearing.

Mr. **Godwin**. I am not one who feels that passing laws about the operation of individual services or individual agencies is a particularly good way to run an agency. It may fit the circumstances today, but circumstances can change rapidly, and you are stuck with a law that you have to work around.

So my answer would be in that regard that there are probably better ways to fix the system, assuming we want to carry out the recommendations of the Packard Commission, than by necessarily passing legislation.

I do think it is necessary to re-establish what we thought had been passed in the initial legislation.

Senator **Warner**. Let us not jump to such a conclusion too quickly. Your thought is that the law should be given no further opportunity to work before Congress tries to change it?

Mr. **Godwin**. That is an offhand comment. Yes.

Senator **Warner**. That is not offhand. It is very specific. It is a statement that I want to clarify because of the urgency of this hearing—we have a bill on the floor. While the chairman and I have a friendly and respectful disagreement on the need for this urgency, he nevertheless brought forth his statement that the bill is on the floor.

My question to you is do you think the law should be changed now, or should a further time period be allowed within which the Secretary and another Secretary who will follow him in all probability, can make it work?

Mr. **Godwin**. My answer to that one is there are probably a number of ways it could be modified, one of which is by legislation. I personally do not think that is necessarily the best way.

Senator **Warner**. I thought I understood you to say you thought the law did not have to be changed.

Mr. **Godwin**. That is right. I said there were a number of ways, one of which is changing the law to clarify what was intended.

That would be satisfactory, so long as we could get the concurrence of everyone that this is exactly what we want to do.

Senator WARNER. Do you set forth any legislative proposals in your testimony this morning?

Mr. GODWIN. No, I have not.

Senator WARNER. Do you have any in mind?

Mr. GODWIN. No, I do not.

Senator WARNER. I am not sure which position you are taking. I thought you earlier said in answer to what I felt was a very clear question and a direct question, not an offhand question, that the law did not have to be changed. Then I restated it, and now you seem to think that may be otherwise.

Mr. GODWIN. I said the law does not necessarily have to be changed. We have to get some clarification, but the law does not have to be changed. There are other ways to go about correcting it.

Senator WARNER. My time has expired, Mr. Chairman. The Acting Chair has been very generous.

Chairman NUNN. Perhaps I could take a minute.

As I understand it, your testimony is that there are several ways to clarify the situation, and an act of Congress is not your preference?

Mr. GODWIN. That would probably be right.

Chairman NUNN. What is your preference?

Mr. GODWIN. I am making a distinction between clarifying what is the intent of Congress and passing a law.

Chairman NUNN. That is the only way Congress can speak, because we have 435 people on that side of the Capitol and 100 over here, and everybody has their own view until we pass the law and send it to the President. So Congress has no other way to speak as a unit.

So my question is if passing a law is not your preference, what then is your preference, or do you believe we ought to leave it alone and just accept the Defense procurement system as it is?

Mr. GODWIN. No, I do not think we should leave defense procurement as it is. I think Packard was absolutely right.

Chairman NUNN. Senator Warner did not hear you. Maybe you could repeat that.

Senator WARNER. I missed the question. I was distracted.

Mr. GODWIN. Senator Nunn asked whether or not I thought there were other ways to correct the current situation, one being do nothing about it and let the present circumstances continue. I said I would answer the last one first.

I believe the Packard Commission recommendations were absolutely correct. We are committed to periods of tight budget; we still have tremendous requirements to build our military; we have to make hard decisions; and we have to operate in an efficient and effective way.

The Packard recommendation was celibate—it did not propose a supply ministry or a ministry of defense or defense supply, and it did not endorse the way we are doing business now, essentially carrying the acquisition out through the services.

They recommended that we come somewhere down the middle where policy and direction originates in the Office of the Secretary of Defense, and the work is executed via the services.

I still think that is the right way to proceed as an interim step. It does not go one way or the other completely, but it has the elements of reintroducing good business practice, a single acquisition system where all the services act, contract and perform to the same standards where we have the interusability of resources, where we optimize and centralize our technical skills.

All of those ingredients, are absolutely necessary at this time to get the most from our defense dollars.

Chairman NUNN. Now, back to my original point. Your preference is that you believe the system needs changing; correct?

Mr. GODWIN. Yes.

Chairman NUNN. You believe the Packard Commission Report is correct?

Mr. GODWIN. Yes.

Chairman NUNN. You believe the status quo is not acceptable?

Mr. GODWIN. Yes.

Chairman NUNN. You believe it needs clarification?

Mr. GODWIN. Yes.

Chairman NUNN. You do not believe Congress should pass a law as the first preference?

Mr. GODWIN. As a personal view, for the reasons I mentioned, that would be yes.

Chairman NUNN. What, then, is the alternative? How are you going to see your goals of the Packard Commission being implemented and overall authority being clarified without a change in the law?

Mr. GODWIN. I would assume that the Congress, rather than by law, could clarify via hearings of this type what they intended when they passed the original law.

Now, that may be a law in itself and might be wrong.

Chairman NUNN. You saw the smooth opening we had this morning. [Laughter.]

That is why we have to have votes.

Mr. GODWIN. If that is the only way you have to do it, then maybe you should change the law. You have convinced me, but my point is still the same.

It is more a question of clarifying what was intended.

Chairman NUNN. As one who does not believe in Congress micro managing, you are reluctant to finally conclude, as I understand it, that only the law itself can clarify the present situation?

Mr. GODWIN. Maybe that is right.

Chairman NUNN. I know that managers are reluctant for Congress to pass laws, but that is really the only way that we have of acting. All of us have individual voices, but we do not have collective voices except by passing a statute.

Senator WARNER. Mr. Chairman, we all are supportive of the Packard Commission in trying to implement those recommendations.

Perhaps you might repose the question yourself. In your absence, the witness said that there is 99 percent support from the Secretary of Defense, and we were endeavoring to isolate it.

We are all for the Packard Commission. Will Taft testified that he was for it, and the Secretary backs you up 99 percent.

There is still the question of what remains to be done. I think, however, that we should look at this record of saying the law should or should not be changed.

Who is it that is trying to block the Packard Commission in the Department of Defense, if I might ask on your time, if it is not the Secretary, if it is not the Deputy Secretary, and if it is not yourself who has tried valiantly to enforce these recommendations?

Mr. GODWIN. It is a matter of implementation I finally conclude; that is, we all agree as to what Packard meant, all having given slightly different interpretations.

I interpreted it to mean that the Under Secretary of Defense for Acquisition would play a major role in the acquisition system. As a matter of fact, he would be the senior advisor to the Secretary of Defense, the Secretary of Defense retaining all of his authority and responsibilities and looking to the acquisition executive as the principal person to be accountable and responsible for implementing the acquisition system.

In implementing the system, there are a number of ways that the job could be interpreted. In the present process of implementing the duties, responsibilities and authorities of the acquisition executive we have diluted his authorities. It may have been done with the best of intent but because of our different viewpoints I concluded the job was not doable.

Let me say, just as an example, in the legislation it was pointed out that each of the services should have a service acquisition executive. The service acquisition executive would have all the necessary authority and responsibilities and have all the acquisition functions under his control.

Packard suggested that the SAE would run that operation as a president of a subsidiary company in a major corporation, and his relationship to the Under Secretary would be as a president of a subsidiary to the CEO of that corporation.

The question then is when has that step been implemented. In the view of some people, just setting up the job by the directive is enough. Mr. So and So is then designated for each of the services as the service acquisition executive. Within a short time, each of the services had designated the service acquisition executives. I suppose, if you take a very modest interpretation of it, that the task is done. Cross it off, and go on to the next problem. In my view, that is just the start of the solution.

First of all, were the right people selected as SAEs? The Packard Commission report says they should have experience in acquisition, it should be a full-time job, and that they should supervise all the acquisition functions of their service.

What happened? Three people were selected. One of the people selected was the Secretary of the Navy. He, himself, was going to be the acquisition executive. First of all, in my opinion unless he was willing to devote full time to acquisition, which I doubted, we had a disconnect.

The question I raise is, should we stand for that? Is that something that we would accept as far as meeting the requirements of the law and the spirit of the Packard Commission? The law says to have a service acquisition executive, so you appoint one. In my eyes, you have appointed somebody, but not a service acquisition executive as required by good business practices and the Packard Commission.

I, for one, would not stand still for that, and, accordingly, I lost one more issue.

For people who read it, the law was not all that clear; Packard was more specific.

My main point is that in implementing the law, we accepted less than what I believe was required. Again, in each of the services, it was required that all of the functions associated with acquisition were to report to the service acquisition executive. We have been at it a year, and we still do not have a clear understanding of who is involved in the services acquisition system.

There is no doubt that we could continue to go along as we are, I would say. We are operating the Defense Department more efficiently today than we were a year ago or 2 years ago. We have eliminated a lot of bottlenecks. I think things are going reasonably well, but we have not made the major changes that were suggested by the Packard Commission.

I am not painting a picture that we are going to hell in a basket but, rather, that if we were intending to implement Packard and the law, we are just starting. We are not winding it up.

Senator BINGAMAN. Let me go ahead and call on Senator Dixon, who has been very patient and allowed others to go ahead of him here.

Senator DIXON. Thank you, Mr. Chairman.

Mr. Secretary, I want to go over four things with you very quickly. I hope I can do that in my 5 minutes.

First of all, you have said that you have full cooperation from the Secretary, is that correct? It has been implicit in this that you also meant the Deputy Secretary.

Do you explicitly state that you have the full support of the Deputy Secretary as well as the Secretary, or is there some modification of your statement with respect to the Deputy?

Mr. GODWIN. I had less support from the Deputy.

Senator DIXON. We will develop that later.

Second, here is your June 17 opinion. As I read this, you requested this opinion from the General Counsel. Is that true?

Mr. GODWIN. Yes.

Senator DIXON. It is an amazing opinion. It essentially says, or what it says, in fact, is that the service secretaries have to acquiesce.

Is that the way you interpret this?

Mr. GODWIN. Yes.

Senator DIXON. Why did you ask for this? What were the matters that developed what accumulated problems that you had that motivated you to ask the General Counsel of the Department of Defense to define what, in my view, the statute clearly says, by virtue of which you got a response that the secretaries had to acquiesce?

Mr. GODWIN. In the course of the year that preceded it, we had been trying to implement and write directives which established the authorities and responsibilities of the Under Secretary.

In trying to do that, of course, we had what I have since called resistance or different points of view. One of them was this question of whether or not we had the authority in the first place. To write a directive, I had to get the coordination of essentially everybody in a responsible position in the Department of Defense, one of whom was the General Counsel.

I asked him specifically whether we were writing a directive which had no basis in law.

Senator DIXON. Is it not a fact, statistically a fact, that you would not be receiving the cooperation from the service secretaries that you believed you were entitled to have, and that is what motivated this request?

Mr. GODWIN. Yes.

Senator DIXON. This is my bill, so I just want to read this to you.

The Under Secretary of Defense for Acquisition shall perform such duties and exercise such powers relating to acquisition as the Secretary of Defense who was supporting you may prescribe, including:

(1) Supervising Department of Defense acquisition;

(2) Establishing policies for acquisition, including procurement, research and development, logistics, developmental testing and contract administration or all elements of the Department of Defense;

(3) Establishing policies of the Department of Defense for maintenance of the defense industrial base of the United States; and

(4) The authority to direct the secretaries of the military departments and the heads of all other elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility.

Then I drop down under (c)(3), to the extent directed by the Secretary who supported you exercises overall supervision over all personnel, civilian and military, in the Office of the Secretary of Defense with regard to matters for which the Under Secretary has responsibility unless otherwise provided by law.

Now I drop down to (3)(e)(1) with regard to all matters for which he has responsibility by law or by direction of the Secretary of Defense. The Under Secretary of Defense for Acquisition takes precedence in the Department of Defense after the Secretary of Defense and the Deputy Secretary of Defense.

Now, I ask you whether that law in your opinion is clear and subject to no interpretation other than the fact that you have the absolute paramount complete authority in this matter?

Mr. GODWIN. The answer is yes, but, first of all, on that decision we do not define what acquisition is.

Senator DIXON. That is what I want to finally ask you, Mr. Secretary. This is the law I sponsored. We spent months on it. Every member here was involved in it.

I put it to you that we support enthusiastically the Packard Commission Report, that we want to carry out what we consider to be the direct, explicit statement of the law, that the Under Secretary of Defense for Acquisition has this power beyond any question.

So now I ask you in view of what the Chair and others have said, which is clear, that all we can do is write laws, what further can we do to make it absolutely clear beyond any question of doubt that the Under Secretary of Defense for Acquisition has this power?

Mr. **Godwin**. To use my words to clarify it, in other words, to define what is meant by acquisition in the system in which it operates——

Senator **Dixon**. My time has expired, but I want to say this, if the Chair will indulge me.

You and I have talked several times on the telephone, once in chambers right outside the Senate floor the other day, and I have asked you this before, and now I ask you publicly.

As the sponsor of this legislation, will you deliver through your aides to my aides the precise language you consider necessary to positively explicitly give to your successor the power that the Congress wants to give him in acquisition procurement? Will you do that for me?

Mr. **Godwin**. I think about those aides that the private citizens have.

Senator **Dixon**. Maybe we will let you stay a few more days and use the aides.

Will you do that for me?

Mr. **Godwin**. Yes, I will.

Senator **Bingaman** [presiding]. Senator Gramm.

Senator **Gramm**. First, I want to thank our distinguished colleagues for reading that law and passage. It saved me the time because I was going to do it.

It seems to me that the issue really boils down to one central point, and it was really addressed in DOD directive 5134.1. The question was who do acquisition executives report to?

Your position was they report to you. The position taken by Secretary Taft and Weinburger was that they report to the service secretaries but that you had the authority to direct, and now I quote, "the secretaries of the military departments and heads of those DOD components on policy, procedure and execution of the acquisition", and I think this is the key word "system", "acquisition system".

It seems to me that the dispute here, which is very real, and obviously you feel that way because you are leaving, merely boils down to what Congress intended here and how you carry it out.

Did Congress intend to set up one person who was going to run the whole procurement system of the Defense Department and everybody was going to report to him, or did Congress intend to set up a system whereby we were going to have a person whose task it was to establish a procurement procedure, a procurement system, and then to impose that system on the service secretaries?

Now, when you asked the Secretary of the Navy for his air plan and he did not provide it, it seems to me that what he was saying is, look, you can tell me how to buy something but you cannot tell me what to buy, what aircraft we are going to buy and how many we are going to ask for, what types they are going to be. That is not in your mandate.

What is in your mandate is to set out policies and procedures as to how those airplanes are going to be purchased, how they are going to be maintained, how we are going to maintain the industrial base.

Now, I would like to ask two questions. Number one, what is your view on this issue? Is it your responsibility to run individual procurement, to decide what is going to be bought, to have the procurement officers actually doing the buying answerable to you, or is it this officer's responsibility now to establish a procurement system and then require that the service secretaries operate within that system but with the procurement officers reporting to them, with them recommending to the Congress what kind of planes we ought to buy and operate?

Mr. **Godwin**. I agree with you completely. I have the answer as to what I think of those alternatives, which is the right one.

Let me start by saying I believe the first description you gave is what the Packard Report and the Congress had intended. I think it is the right way to go—that the Under Secretary of Defense for Acquisition is the president or chairman of the board of a corporation in the acquisition business and that the service acquisition executives relate as the presidents of subsidiary companies.

Senator **Gramm**. Let me stop with one quick question to clarify.

So you believe that meant that the Acquisition Under Secretary or the chairman of the board had voiced beyond the system by which you are going to procure and impose but then that extended to actually overseeing within each department the carrying out of the policy and having some say in what was bought?

Mr. **Godwin**. Yes, although not quite that simple because we get into what is bought. I am not raising the question as to who decides what we buy.

Senator **Dixon**. Would the Senator yield?

What does "supervising" mean, supervising Department of Defense Acquisition?

Senator **Gramm**. I think, again, the legitimate issue here and one that we are going to have to decide because, in a sense, it is our problem as well as Mr. Godwin's problem, is do we want to give one man the power to have everybody in government having to do with acquisition to report to him, or do we want to have a person whose job it is to establish an efficient system and then impose that system? I co-sponsored this bill and helped write it with you.

I think, for example, the Secretary of the Navy should be required to comply with the procedures and policies and system that are set out by the Acquisition Under Secretary.

I personally do not believe, however, that we ever intended that the Acquisition Secretary should be directly supervising individuals that are carrying out the plan. He is overseeing the plan.

The service secretary is answerable to him in the policies and procedures, but the people that work for the Secretary of the Navy are answering to the Secretary.

Let me conclude, if I may, and I will be brief. When I meant procurement, I meant buying things efficiently. I did not mean that we were going to give the person the ability to say how many planes we needed in the air plan.

Senator **Bingaman**. Senator Exon is next here.

Did you want to give a statement?

Mr. **Godwin**. We are beginning to get a number of things mixed up here. One, the principal question you are raising is what we buy as contrasted to how we go about buying.

For clarification, there is no doubt that what we buy is determined by the Congress and the Secretary of Defense. But even in the matter of what we buy, acquisition decisions are involved. If we want to buy air defense over the forward battle area, and we think we need a helicopter but we do not know what kind, the Congress would provide funds for an advanced aircraft over the battle area.

However, you have to start by doing enough design and development work to identify what kinds of aircraft will do that job.

Now, this kind of work is in the "what" business. So, Congress may have already decided we need a new advanced helicopter, but whether we need a tilt rotor vehicle or an upgraded Apache or something we already have is an open issue. Those are "what" questions that come under the jurisdiction of the acquisition system.

The Congress and the Secretary may have already decided we need something and maybe even how many. Somewhere in the decision process we have to determine what kind of aircraft is going to satisfy that task best. That is the "what" I am talking about, not whether we are going to get the aircraft in the first place.

That is the type of hard decision that should be recommended by the Defense Acquisition Board (DAB). The DAB includes the Vice Chairman of the Joint Chiefs. It also includes the acquisition executives for each of the services.

The purpose of the committee was to be sure that the options being considered for this particular vehicle would have the broadest application amongst the services. We are looking for commonality.

So it is not quite as easy as you might think to split apart the "what" from the "how". I would just like to emphasize that we felt we were working towards a system similar to industry where the chairman of the board, in this case the Under Secretary for Acquisition, works with the presidents of the subsidiaries. There is no chairman or CEO whom I know of who runs a successful company and at the same time trys to micromanage the men and women doing the work. He has to rely on the presidents of the subsidiaries, in this analogy, the SAEs.

I think we tend to get off the track, and I was very sorry to hear that the Secretary of the Air Force went public on this very subject, incorrectly pointing out that it was the intent of the Under Secretary of Defense for Acquisition to try to manage the day-to-day operations of the people in the field. That was never intended, and probably the best measure of a good manager is one who stays out of that kind of activity.

I think we tend to fool ourselves into believing that we are implementing a more complicated system. What we are trying to do is develop a less complicated system, but one where there is accountability, that the subsidiary presidents are accountable for what they do.

Senator BINGAMAN. Senator Exon is recognized. Senator Levin has deferred to him.

Senator DIXON. May I interrupt to ask a question of procedure here, Mr. Chairman, before Senator Exon begins? I am trying to figure out what our time schedule is going to be because we have a conference luncheon from 12 to 2, and I had some plans in connection with that.

Does the Chair know how we are going to proceed here during the day?

Senator BINGAMAN. My instructions from the chairman are just to proceed with the testimony until people are out of questions, and then Will Taft will be here, I gather, to testify and will answer questions. I would expect that by 12:30, at any rate, we will stop the hearing one way or another.

Senator DIXON. For the day, Mr. Chairman?

Senator BINGAMAN. That would be my expectation. If the chairman would like to go longer, obviously we will.

Senator DIXON. That was my curiosity. How are we going to get this done by 12:30? This is a very major step that we are into here, and presumably from this I would hope that we ultimately draw some conclusions that will determine what we do about this situation. I do not see how in the world we can do that by 12:30.

Senator BINGAMAN. If we cannot, I assume we will schedule additional time.

Senator Exon.

Senator EXON. Thank you very much, and I thank my friend, Senator Levin.

I must go back to the floor as we have some important business going on over there right now also, so I am going to be extremely brief.

Mr. Godwin, I want to first start out by saying that as disappointed as I am with your resignation, I suspect it is going to do far more good with regard to the eventual cleaning up or improvement of the purchasing acquisition process than had you remained on the job.

I think your resignation has highlighted a very, very serious problem. It goes back a few months ago, I guess it was February or March when you were in my office before you came before this committee for confirmation.

If you remember at that time, I think the first question I asked of you is why would a good young man like yourself who has been successful in business get mixed up in this mess of acquisition and procurement. I do not remember what your answer at the time was. I think you said something to the effect that I was like you and wanted to use what expertise I have to help straighten things out.

When I saw you sitting there this morning and because of my admiration for you and the good job that I think you have tried to do, I did think back about that question, and maybe you have asked yourself that question a few times since.

My question is this. Do you feel that the civilian and military bureaucracy of the Pentagon is as responsive as it should be to the Secretary of Defense in these areas of concerns and/or the Under Secretary?

Mr. GODWIN. The answer is no. Everybody is for the program so long as it involves no change.

Senator EXON. Thank you very much.

I think that is the key question here, Mr. Chairman. I think we need to start asking ourselves what are we going to do about it, I do not believe there is anyone under the present structure in the

Pentagon that is ever going to change things around. That is the challenge that I think we have as Members of the Congress.

I thank you very much, Mr. Chairman.

I thank you, Mr. Godwin, and God speed.

Senator **Bingaman**. Senator Levin.

Senator **Levin**. Mr. Chairman, first let me say there is a lot involved in the question of whether or not it is necessary to make any legislative changes. I am not one who looks very readily at that approach because, frankly, it was extremely difficult, to put it mildly, to get what we have in the statue.

I do not want to do one thing around here to imply that we need to get more. If we need any more clarity, it is going to be tough getting it. It was tough enough getting what we have, and I think it is mighty clear.

For there to be any implication that that law says anything other than what it means, it is going to play into the hands of those who do not want an acquisition czar. Forgive the use of the word "czar".

Now, we have battles around this table. We have roll calls around this table. We have motions to reconsider around this table. We have floor fights. We have motions to reconsider. God knows we have more bloodshed on this issue than any that I think that we have had around here. We fought more on the question of direct versus supervision than we fought over the MX missile.

So I am going to go mightly slow before I acquiesce to any suggestion that that law means anything other than what it says, which is you have the authority to direct the secretaries in the military departments and the heads of other elements with regard to matters for which you have responsibility.

I do not want to have to pass a law which says you really have the authority. There is no doubt about the authority.

Now, there is an opinion which was written here by the Office of General Counsel which, the way I read it, says you have the authority to direct the secretaries but not people underneath him. That is the way I read that legal opinion. By the way, he may be right.

It does not make any difference, because if you can direct the Secretary, you can get to those people under him. All you have to do is direct the Secretary to order the people under him. That is the direction of the Secretary, and that ends it.

There is a line of authority there, so you may not be able under our current language to get directly to that program manager through an order, but you can get to him through his boss because you can order his boss. There is no doubt about it.

Do you agree with that?

Mr. **Godwin**. I agree with that.

Senator **Levin**. Let me go to the one example you have given where the Secretary of the Navy did not want to turn over an airplane.

Mr. **Godwin**. It was a plan. It was what they were going to be needing in aircraft for the future.

Senator **Levin**. He did not think it was within the acquisition system by the definition of "acquisition", and you thought it did.

You finally won that fight. Apparently, the Secretary of Defense sided with you on it.

I take it this was an example of where you felt over and over and over again you were running into resistance and you did not want to have to go to the Secretary of Defense with all these items, and you felt you ought to have that authority, without bothering him. He has other things to do.

Is that kind of a fair statement?

Mr. GODWIN. That is exactly right.

Senator LEVIN. It would seem to me after you put 10 or 50 or 150 letters on the Secretary of Defense's doorstep saying hey, I told the Secretary of such and such that I want something and he will not give it to me because he says it is not acquisition or he says it is budget or he says something else, and after you are supported on 99 percent of those requests of the Secretary of Defense, the Secretary of Defense might get a message saying I do not want to have to deal with 150 letters a month from Mr. Godwin, as much as I like him, and I really want to start ordering those service secretaries to say yes more often to Mr. Godwin instead of no.

If I were the Secretary of Defense, after I got my 150th letter from you, I would call the Secretaries of the Navy, Army and so forth and say, fellows, do you get a message here? Ninety-nine percent of the time you are wrong, and I do not want to have to deal with these letters from Godwin.

Did you ever talk to him about doing that, or did he ever suggest doing that?

Mr. GODWIN. On a number of occasions, including the occasion when I resigned.

Senator LEVIN. Did that ever happen?

Mr. GODWIN. I spent a year doing it that way.

Senator LEVIN. Did he ever call in the service secretaries and say, fellows, enough is enough? Ninety-nine percent of the time Dick is right on these things. He has authority to do it under the law, and I am law abiding. Live with the law and comply with Godwin's orders more often.

Mr. GODWIN. Not to my knowledge.

This is sensitive, and I am telling tales out of school, but in my view what we lacked in those instances was discipline. If it is posible for me to make a request and have it turned down and I go to the Secretary and he agrees, that does the job but it merely shoves the bow wave in front of us. The next one could be resisted, and the same thing will happen.

So I could spend all my time at the Secretary's door, or I could try to get it resolved.

Of course, the first thing is, one would prefer to be doing this in private. In one of these cases, the Secretary of the Air Force felt it was necessary to go public, and basically said there was a difference of opinion between us and he went to the Secretary and "fixed it".

That, to me, is one of the straws that breaks the camel's back. Aside from disagreeing, I do not think we want to discuss these things, one, in public, and, two, it is the Secretary's responsibility to see that we agree on what we are going to do and to see that it is done.

Senator **Levin**. But if the Secretary fixes it without involving you, it seems to me he has undermined you.

Mr. **Godwin**. That is correct. In a general way, yes. I must say that the Secretary has usually done it with the intent of helping me.

Senator **Levin**. I am not trying to pick on the Secretary, but if he does "fix it" in an appeal from someone who is supposed to be under your orders, he is undermining you, willing or unwilling, he is undermining you.

Mr. **Godwin**. Yes.

Senator **Levin**. You cannot correct that by legislation.

Mr. **Godwin**. No.

Senator **Levin**. My time is up.

Senator **Bingaman**. Let me ask on the issue I asked about earlier. Three of the six key people in your organization have not yet been appointed. You indicated they had been identified in January or February, but their names have never been sent to the Congress for confirmation, and they have never gotten appointed.

Who is responsible for that delay?

Mr. **Godwin**. I believe there were a series of delays, in some cases a delay until February which was the time, I believe, Admiral Small was identified. That was in the category of a recruitment search. We were looking for people with experience in acquisition systems. It took that long. I guess that was my fault.

Senator **Bingaman**. Once they were identified, it still has been, what, 6 months, 7?

Mr. **Godwin**. In one case, 6 months; in the other case, maybe 3 or 4. The system is slow. It required an FBI security clearance check, which sometimes takes 7 to 9 weeks, followed by a series of financial disclosure investigations, which can take anywhere from 5 to 6 weeks.

Then, once they are cleared and the President has approved them, it requires nomination. There has been some holdup. Some of the nominations have not been forwarded.

I should say in all of these cases people are identified, and to the extent I could get them, they are now working in the Department of Defense.

Senator **Bingaman**. We have received no suggestions to fill these positions. Your view is that this is just a normal practice to take 4 to 6 months to get these things done and nobody has intentionally delayed it?

Mr. **Godwin**. I would hope it is not the case, but my experience says it takes that long.

Senator **Bingaman**. You think there is no intentional delay?

Mr. **Godwin**. I do not believe so. They were not expedited, as some have been recently. I wish they had been, but they were put into the normal scheme of things, and it has taken that long.

Senator **Bingaman**. Let me ask on the issue raised earlier and your comments about the problem of the Secretary of the Navy appointing himself as the service acquisition executive for the Navy.

I guess in the case of the other services, they also appointed people who had fulltime positions doing other things as well; is that right?

Mr. **Godwin**. Well, in different conditions. I think in two cases: one is Under Secretary of the Army; and also the acquisition executive. Now, what are the duties he has associated with the Under Secretary of the Army, I do not know, but he is not full time on acquisition matters. It may be a very small part, however.

I am merely pointing out if you read the Packard Commission Report literally, that they should be people with acquisition experience on the one hand and be full time on the other, and all the functions in the acquisition system would be under them.

So there are different interpretations in meeting this criteria.

Senator **Bingaman**. Is there a requirement in this statute that the person be full time working on acquisition matters? I did not think that was in there.

Mr. **Godwin**. It is not in the law. It is in the Packard report.

Senator **Bingaman**. My question is should we put that in the law. Do you think it is essential?

Mr. **Godwin**. I do not think it is essential that it be in the law.

Senator **Bingaman**. Do you think it is essential, though, for this system to work? In the system that Congress envisions here and that the Packard Commission envisions, do you think it is essential that the position of service acquisition executive in each of the services be filled by people who are working on that job full time?

Mr. **Godwin**. Yes, I do.

Senator **Bingaman**. So you think the Secretary of the Navy appointing himself as the service acquisition executive really subverts what the Packard Commission had in mind?

Mr. **Godwin**. Yes.

Senator **Bingaman**. You think that we should clarify, even with statutory change or if there is any other way to do it, which Senator Nunn made clear there might not be, that the law requires what the Packard Commission recommended, which is that a full-time person be put in that position?

Mr. **Godwin**. Yes. Part of the problem occurs because the law did not adopt Packard. There were some exceptions to what they suggested, so unless it was specifically mentioned, people could read it as being specifically excluded.

For instance, operational test evaluation was not included, and I think contractor auditing was not, which is the auditing responsibility, but the other things were not really addressed, and this would be one of them.

Senator **Bingaman**. This is something that needs to be clarified. If Congress agrees with the Packard Commission, we need to say that.

Mr. **Godwin**. That is my view.

Senator **Bingaman**. Let me ask you about the appointment of these folks, the Packard Commission also recommended that the service acquisition executives be appointed within each service, in consultation with you.

To your knowledge, was that done?

Mr. **Godwin**. No.

Senator **Bingaman**. Should we specify that in the law, they be appointed in consultation with you so that people who take those jobs are people who you think are qualified and appropriate to do the jobs?

Mr. GODWIN. Yes, I would say so.

Senator BINGAMAN [presiding]. Senator Dixon.

Senator DIXON. Mr. Secretary, it should be pretty clear to you by now, I think that a majority of this committee feels very strongly that what we did in the law completely empowers you, with proper support from the Secretary and Deputy Secretary, to carry out the clear mandate of the law.

I think I made clear to you in our private conversations what Senator Levin is now suggesting publicly that there may be more problems in trying to further clarify what some others think is pretty clear rather than pursuing the course of directing those in authority to carry out the clear mandate of the law.

Does that become increasingly clear to you as this goes on?

Mr. GODWIN. Yes, I think so.

Senator DIXON. For instance, I just had the dictionary brought in here. And it occurs to me that when we ask what acquisition or procurement means those matters already are adequately defined in the dictionary.

Mr. GODWIN. The word may be, but not the meaning in regard to the DOD acquisition process. The following question was raised here earlier: Does the acquisition system only include how we buy or develop things? Or does it also include some role in determining what we buy or develop?

Senator DIXON. What would be your feeling about that?

Mr. GODWIN. I think they're inextricably connected. I think the rule of the acquisition system is to determine affordability, commonality, timing, and the way we go about acquiring this equipment. These factors are intertwined.

What is required is a determination of how the acquisition system impinges on the planning and budgeting cycle.

We have to identify the role of the aquisition process. In the course of the last year, I tried to identify its role several times, but was turned down. Instead, the Department is relying on the way we have operated in the past.

Senator DIXON. These words, supervising Department of Defense acquisition, do you think that that terminology adequately describes your power over others who are under you in the direct line of authority in the Department?

Mr. GODWIN. In my opinion, it should. I mean, unless one is trying to interpret it differently, and then one gets into these matters of what is acquisition.

For instance, is the acquisition of equipment in joint development with our allies, say NATO, an acquisition matter or is that a policy and international matter?

Is the technology transfer of information related to acquisition programs part of acquisition, or is it some other function?

You see, none of this has been included in the Department's definition of the acquisition system, simply because that's not the way we're doing it.

My view has been, if for no other reason than to clarify the point, we should make a hard decision as to what the responsibilities of the acquisition system are, and instead of having everyone participating but nobody responsible, we should identify who is responsible and give that person the authority to carry out the job and be accountable for the results.

This is a tenet of the Packard Commisson. It's just good business. At heart, all of these matters we're talking about revolve around the question: How would you run a reasonably run business?

But these tenets have a tendency to become mixed up with turf considerations, or become lost if it's deemed that change is unnecessary and we consequently end up not implementing the needed changes.

Those are the matters which I think are very important here. They relate to the acquisition definition, in the sense that you have to work out all these appendages to it, such as international work, computers, and some that are presently outside the acquisition system by law.

There is a group in the Pentagon, for instance, which sets policy and determines how large computing equipment is bought, used, and the policies related to the information they generate.

That is not part of the acquisition system at the present time. In my opinion, it's a major part of whatever we buy. It includes some $12 to $13 billion a year involved in computer-related equipment.

We need to decide whether these are in the acquisition system or not.

Senator DIXON. Was there ever a time—and it's clear to me that there was considerable protection of every individual's own turf in connection with the mandates of this program—but was there ever a time in connection with your service as Under Secretary of Defense for acquisition, in conferences with either the Secretary or the Deputy Secretary, where there were defined limits expressed to you of what you could or could not do?

Did anybody ever say to you, this is really outside the scope of your supervisory and directive capacities as Under Secretary of Defense for Acquisition?

Mr. GODWIN. Yes.

Senator DIXON. What specifically did they tell you you could not do?

Mr. GODWIN. The ones I just mentioned are the ones that trouble me in this matter. For example, international acquisitions or joint programs with our allies.

Whether we develop a new aircraft in the United States, or we develop one with our allies, I consider to be an acquisition matter.

I would say the same thing about technology transfer. I don't see how you could separate the acquisition of equipment and associated technical information, in making determinations as to how the technology is handled.

That's currently considered a separate kind of decision. However, I think they're all intertwined.

Senator DIXON. Again, my time has expired. I think we will continue to experience—it's hard to develop a whole line of questions and answers to find the conclusions that you want in the limited time each of us have.

But again, I would like to hear from you, to the extent that you can do it, your thoughts about the failure of the system as it now exists to readily respond to what I think at least the three of the

Senators here in this hearing believe are the direct mandates of the law.

Mr. GODWIN. Yes.

Senator BINGAMAN. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

First of all, on the question of your assistants, Senator Bingaman asked you a question about the delay on this, and you indicated a number that had to be confirmed by the Senate.

If I understand, one of those positions is not subject to Senate confirmations; is that correct?

Mr. GODWIN. They are all subject to confirmation.

Senator LEVIN. What was the reason for the long delay on the DDR&E.

Mr. GODWIN. We had been recruiting for the position, but when we couldn't get the man we were after, it was decided that the Director of DARPA would be the most capable individual.

Senator LEVIN. You don't feel in any of those positions there was resistance from above to filling those positions, to your filling those positions?

Mr. GODWIN. I find it very difficult to believe there was a planned delay.

Senator LEVIN. What's in your heart?

Mr. GODWIN. In my heart, I don't think there was any plan.

Senator LEVIN. According to press accounts, Mr. Taft has said you were misled by Congress, among others, with respect to the authority you had as Under Secretary.

Is that an accurate assessment of the fact? So you feel you are misled by anybody as to what your powers are? And if so, by whom?

Mr. GODWIN. No, I don't think I was. I think as a matter of fact, I took the job with a number of cold showers, part of which were administered by this committee.

You recall when I was confirmed, Senator Goldwater said if you do this job halfway right, you'll be the most hated man in town.

I've got real progress to show on that front. [Laughter.]

I realized it was a difficult job. I realized that to implement the Packard report and the legislation not only required general agreement that this was the direction we wanted to go (which unfortunately is subject to interpretation), but I felt it required working at it everyday, not just applying a fix.

I also became aware that what some people viewed as a modest change in the system or a tweaking of some functions would not do the job.

I am convinced it will not. I think we bit off a cultural change, and we have to have the fortitude to stay with it.

Senator LEVIN. I think the intention of Congress is very clear from the statute. We were talking about significant major redirections in the acquisition process.

Nothing could be clearer from the legislative history or from the language itself.

I think what we want to do now is to make sure that our intention is not thwarted. We are going to find out where those blockades or barricades are, and we are going to try to move on it.

Most of us around here, at least I know present company, were very much involved in this. And we want to make sure that we give full power to what the statute says.

One of the things that we said was, very clearly in the legislative history and in the statute itself, was, you could direct service Secretary—and the language that accompanied that made it clear that you would ordinarily participate—and now I am reading from the report, the Senate report accompany this bill, that you would normally participate in or make programmatic decisions in relatively major programmatic decision points, to the extent those decisions may differ with the wishes of the service Secretary or service acquisition executive, the bill makes clear the decisions of the new Under Secretary will prevail in your area of responsibility.

It is clear that your decisions were to prevail in your area of responsibility.

Now you say there has been a question raised as to how you define acquisition, which is your area of responsibility. We had a dictionary definition which Senator Dixon provided for us.

Another way to define acquisition is by regulation. Administratively there has been a lot of talk about, well, are changes in the law necessary?

And it is clearly true, if Congress speaks, it has to be through the law. We can put pressure on the administration but the administrative branch can define words by regulation.

Has there been an effort made to define the word, acquisition, in the regulations? And if so, is it defined to your satisfaction?

Mr. GODWIN. Yes, it was defined to my satisfaction in a general sense. As a matter of fact, the day I was confirmed, the Secretary of Defense wrote a letter. In the letter, he essentially defined the acquisition system. If I could read it, it is just a short paragraph.

Senator LEVIN. Was it defined to your satisfaction?

Mr. GODWIN. As far as it went, yes.

Senator LEVIN. Did it go far enough?

Mr. GODWIN. No, it did not. For its purpose, it was all right.

Senator LEVIN. Have you urged the Secretary to extend the definition further?

Mr. GODWIN. Yes. As it is promulgated and implemented, through directives and charters, yes.

Senator LEVIN. Has it?

Mr. GODWIN. Not completely. And the reason it has not been completely, is, because in the process of implementing it, we have tended to dilute the authority of the Under Secretary of Defense for Acquisition.

While the definition is correct, the authority has been changed.

Senator LEVIN. I would surely join with Senator Dixon asking you to identify for us where, specifically, that authority was diluted, and where, specifically, the term acquisition was not given as broad a definition as you would want.

[The information follows:]

The following letters forwarded by Mr. Godwin on October 19, 1987, to Chairman Nunn and Chairman Aspin are submitted in answer to Senator Levin's question which referred to Senator Dixon's request for specific recommendations which would strengthen the USD(A) authority and concerning where the term acquisition was not given as broad a definition as Mr. Godwin would have liked.

Hon. Sam Nunn,
Chairman, Armed Services Committee,
Washington, DC.

Dear Mr. Chairman: At the September 22, 1987, hearing of the committee, during which I was a witness, it was requested I provide proposed legislation which would have the effect of further implementing the recommendations of the Packard Commission regarding acquisition matters. As I said during the hearing, modifying current legislation is only one of several options to tackle this issue. Proposals that are attached to this letter would underscore key recommendations of the Packard Commission which I believe are essential to emulating sound business practice in Department of Defense acquisition.

I am transmitting these ideas to you as a private citizen and not as the Under Secretary of Defense for Acquisition. These proposals do not represent the Department of Defense view and I have not asked for comments from principals in the Department. These recommendations are being sent to the Chairman of the House Armed Services Committee.

I appreciate the continued support provided by you and your committee.

Sincerely,

Richard Godwin.

Enclosure.

October 19, 1987.

Hon. Les Aspin,
Chairman, Armed Services Committee,
Washington, DC.

Dear Mr. Chairman: At the September 22, 1987, hearing of the committee, during which I was a witness, it was requested I provide proposed legislation which would have the effect of further implementing the recommendations of the Packard Commission regarding acquisition matters. As I said during the hearing, modifying current legislation is only one of several options to tackle this issue. Proposals that are attached to this letter would underscore key recommendations of the Packard Commission which I believe are essential to emulating sound business practice in Department of Defense acquisition.

I am transmitting these ideas to you as a private citizen and not as the Under Secretary of Defense for Acquisition. These proposals do not represent the Department of Defense view and I have not asked for comments from principals in the Department. These recommendations are being sent to the Chairman of the Senate Armed Services Committee.

I appreciate the continued support provided by you and your committee.

Sincerely,

Richard Godwin.

Enclosure.

SEC. 901. SHORT TITLE

This title may be cited as the "Defense Acquisition Improvement Act of 1986".

PART A—MANAGEMENT OF THE ACQUISITION PROCESS

SEC. 911. DUTIES AND PRECEDENCE OF UNDER SECRETARY OF DEFENSE FOR ACQUISITION.

Section 133 of title 10, United States Code (as redesignated by section 101(a) of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (Public Law 99–433)), is amended to read as follows:

"§ 133. Under Secretary of Defense for Acquisition

"(a) There is an Under Secretary of Defense for Acquisition, appointed from civilian life by the President, by and with the advice and consent of the Senate. The Under Secretary shall be appointed from among persons who have an extensive management background in the private sector. ①

"(b) Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary of Defense for Acquisition shall perform such duties and exercise such powers relating to acquisition as the Secretary of Defense may prescribe, including—

"(1) supervising ② *Department of Defense acquisition;*

"(2) establishing policies for acquisition (including procurement, research and development, logistics, developmental ③ *testing, and contract administration) for all elements of the Department of Defense;*

"(3) establishing policies of the Department of Defense for maintenance of the defense industrial base of the United States; and

"(4) the authority to direct the Secretaries of the military departments ④ *and the heads of all other elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility.*

⑤ *"(c) The Under Secretary—*

⑥ *"(1) is the senior procurement executive for the Department of Defense for the purposes of section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3));*

"(2) is the Defense Acquisition Executive for purposes of regulations and procedures of the Department providing for a Defense Acquisition Executive; and

"(3) to the extent directed by the Secretary, exercises overall supervision of all personnel (civilian and military) in the Office of the Secretary of ⑦ *Defense with regard to matters for which the Under Secretary has responsibility, unless otherwise provided by law.* ⑧

"(d)(1) The Under Secretary shall ⑨ *prescribe policies* ⑩ *to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication* ⑪ *by different elements of the Department.* ⑫

"(2) In carrying out this subsection, the Under Secretary shall consult with the Inspector General of the Department of Defense.

"(3) Nothing in this subsection shall affect the authority of the Inspector General of the Department of Defense to establish audit policy for the Department of Defense under the Inspector General Act of 1978 and otherwise to carry out the functions of the Inspector General under that Act. ⑬

"(e)(1) With regard to all matters for which he has responsibility by law or by direction of the Secretary of Defense, the Under Secretary of Defense for Acquisition takes precedence in the Department of Defense after the Secretary of Defense and the Deputy Secretary of Defense.

"(2) With regard to all matters other than matters for which he has responsibility by law or by direction of the Secretary of Defense, the Under Secretary takes precedence in the Department of Defense after the Secretary of Defense, the Deputy Secretary of Defense, and the Secretaries of the military departments.".

PROPOSED AMENDMENTS TO SECTION 133, TITLE 10, UNITED STATES CODE (FROM THE DEFENSE ACQUISITION IMPROVEMENT ACT OF 1986)

1. Add: The Under Secretary shall devote full time to acquisition matters.
2. Add: ...and directing....
3. Add: ...and operational....
4. Add: ...and their subordinates....
5. Add: "(5) supervise and direct acquisition activities including: technology transfer; international acquisition programs; cost estimating associated with acquisition programs; and all elements of integrated logistic support.
6. Add: "(1) reports direct to the Secretary of Defense; (renumber subsequent subsections accordingly).
7. Add: ...and agencies of the Department of Defense....
8. Add: (c)(4) Shall establish within the Department of Defense a single unified acquisition process employing "sound business practices." This management concept shall establish one position, the Under Secretary of Defense for Acquisition, with the resources, information and decision making authority to manage and implement such process. The range of sound business practices shall include:

(c)(4)(a) Integrating acquisition and budget decisions.

(c)(4)(b) Requiring an appropriate baseline for each acquisition program to serve as a commitment and management tool.

(c)(4)(c) Establishing a management information reporting system to monitor performance and assess progress against baseline plans.

(c)(5) Shall prepare and submit periodic acquisition reports to Congress.

(c)(6) Shall ensure that the Secretaries of the military departments establish, with concurrence of the Under Secretary of Defense for Acquisition, a Service Acquisition Executive, a senior level full-time position filled by a person with acquisition experience. All acquisition activities within the military department shall report to the service acquisition executive, and he shall have direction and authority over those activities for which he is accountable.

9. Delete "prescribe;" substitute "establish."
10. Add: ...and direct activities....
11. Delete "by;" substitute "with other agencies and."
12. Add: ..., and shall supervise and direct the activities of the Defense Contract Audit Agency.
13. Add: "For the purpose of this legislation defense acquisition is those activities associated with developing, obtaining and disposing of services, technology, equipment and facilities used by the United States armed forces and its allies. The defense acquisition system is the organization, procedures and practices by which decisions are made and implemented in support of defense acquisition activities."

Senator LEVIN. I think part of the problem here, frankly, is that what we expected has happened. You were put in a position where you would be ground down by opposition, daily, hourly, minute by minute opposition to change.

We knew that whoever was going to sit in your position, as Senator Goldwater put it, would exactly be put in that situation where you faced tremendous opposition all the time.

So the fact that you now basically have said, this is not basically the way this job should function, it seems to me leaves us to tell the Secretary of Defense that that is right.

We need the Secretary of Defense, internally, to act, to tell the people who have been grinding you down that they are wrong 99 percent of the time. And the next person who gets in your position has got to get greater support from those people you are supposed to be directing and supervising.

That is what we ought to be assisting on, it seems to me. You perform the real function. You have been the object of the battering rams.

And everybody knew that we aimed at your new office, but that is a very important function. It had to be done. Even though it does not seem like it, perhaps, progress is made that way.

You happen to be the person that took the battering. We knew it was coming. Somebody had to do it. And now we have to make sure that your successor is at least the beneficiary of your contribution to the system.

And we thank you for that contribution.

Senator **Bingaman**. Senator Warner.

Senator **Warner**. Mr. Chairman, I will be glad to yield my time to others. And I will have some concluding remarks.

Senator **Dixon**. Senator Nunn.

Chairman **Nunn**. Senator Warner, I am informed that Deputy Secretary Taft is here.

Of course, we would be perfectly willing, from my point of view, to have him appear with Mr. Godwin. And then we can see what the differences are, and try to iron those differences out and see what the agreements are.

I would ask your opinion on that, first. Perhaps depending on whether that procedure met your approval, whether we could ask the Deputy Secretary.

Senator **Warner**. I think we can make a decision between the two of us. I think you have a good idea. We finish with Mr. Godwin. Allow him of course to stay in the hearing room, listen to Mr. Taft, and then accord Mr. Godwin a period, as we say in the law, a period for rebuttal.

Chairman **Nunn**. Mr. Godwin, is that satisfactory with you?

Senator **Warner**. We definitely are trying to get ahold of what I see as a piece of mercury slipping around the table.

Unfortunately, the chairman and I had to absent ourselves, because we do have a bill on the floor. I have tried to follow as best I can through other staff and personnel.

This is still, I would say, an important contribution. But speaking for myself, I have yet to get my hand on this piece of mercury that is slipping around the table.

Hopefully, Secretary Taft will give us perspective, and then we can have Mr. Godwin return.

Chairman **Nunn**. Let me ask all of our colleagues, then, to complete the questioning of Mr. Godwin, and then we will hear from Mr. Taft, and Mr. Godwin will remain at the table, or take a seat in the audience until Mr. Taft has spoken.

And then we would get both of you up and see if we cannot iron this out, or at least pinpoint the differences.

Any questions for Mr. Godwin?

Senator **Bingaman**. Let me ask on one other issue, Mr. Godwin.

This may seem like a small point, but sometimes people make a lot out of use of words around here. The law which Senator Dixon read earlier makes it very clear that the Under Secretary has such powers as the Secretary of Defense describes, including the power to establish policies for acquisition.

And he uses the word "establish". The directive which was issued September 1 this year by the Department of Defense, No. 5000.1, doesn't use the word establish; it uses the word develop.

It says, under responsibilities for the Under Secretary of Defense for Acquisition, as the principal staff assistant and adviser for the Secretary of Defense, shall—and I'm quoting—develop uniform policies and practices.

Is that distinction between establish and develop a meaningful distinction as you understand it? Is that something we need to worry about?

Mr. **Godwin**. It is something which concerned me. It is a key issue. It describes in one case what happens when you work at diluting authority.

Establishing something means you not only analyze the problem and come up with what you believe is the right solution, but you also institute, or you establish it as a policy in the Department.

To develop normally means essentially staff work. You come up with your ideas of what it should be and submit it to others to establish the policy.

The answer to your question is a critical and central point to this whole discussion.

Senator **Bingaman**. You think the directive that was issued by the Department of Defense dated September 1 does not carry out the intent of the Congress when we use the word "establish", since they switched and used the word "develop".

They are essentially watering down the authority that you have, is that your opinion?

Mr. **Godwin**. Yes.

Senator **Bingaman**. Do you have a legal basis for that opinion? Have you been advised of that by counsel?

Mr. **Godwin**. No, as a practical matter, the matter came up after I had resigned, and I did not raise an objection to it because I did not think it was appropriate to the situation.

But the directive was written with "establish" in it, so it had been in the works for 3 or 4 months. And it was in the 11th, 12th hour that it was changed.

Senator **Bingaman**. So this is one example, if I understand it, of the watering down of your office's authority which you have been referring to this morning?

Mr. **Godwin**. It is a good example, yes.

Senator **Bingaman**. You talked about this somewhat, but maybe you could elaborate a little bit before we let you go on the relationship between the acquisition system and the budgetary system, I think that comes down to the nub of it. Do we need to explain that acquisition includes a role in the budgetary process that goes on in DOD?

Is that something that is not clear now and needs to be clarified?

Mr. **Godwin**. I think it is clear now. The budget cycle that we are following is the same as that which we have followed over the years.

I suggested a role which the acquisition system should play, which is one of participant, not running the budget cycle, but rather having issues handled by what we called the Defense Acquisition Board committees, the groups who work in these areas all the time. It was rejected.

We felt that was the best way to get a coordinating relationship with the budgeting cycle.

Senator **Bingaman**. That is all I have.

Senator **Warner**. Mr. Chairman, I have a followup question.

Chairman **Nunn**. Senator Warner.

Senator WARNER. Mr. Chairman, we take note of the fact that when Mr. Godwin went to the House of Representatives, the hearing was closed.

Of course that was a decision to be made by the chairman of the committee. Did you request that it be closed, however, and did he concur in your request?

Mr. GODWIN. I forget the sequence of events. I was asked to appear before this committee. Nothing had been said to me from the House.

Senator WARNER. In other words, you did not ask, but this committee asked you, is that the sequence?

Mr. GODWIN. That is correct. I have not sought any forum. As a matter of fact, I was advised to resign and leave town.

In retrospect, that is probably what I should have done. But I did not. And I did accept the invitation of this committee.

Subsequent to that, I was asked by the House of Representatives to appear there a day before this committee met, which was to be last week sometime. I thought it was just too soon.

I would not have been prepared or in a position to do it. They said, "would you just talk to us?" I said I would do it, but off the record, just informal.

I understood it would be a few people who would drop into someone's office, and we would get a chance to talk about this subject.

Senator WARNER. Where is this forum where a few people drop into this office?

Mr. GODWIN. I do not know that there was a forum. It just came up in the context of this session, and they wanted to talk to me.

I was told that we could have an informal get together, if I would be willing to do that, and I said yes.

Senator WARNER. You mean in the House?

Mr. GODWIN. In the House.

Senator WARNER. Did you seek the advice of your legislative Assistant Secretary of Defense? I mean, these matters can be clarified.

Mr. GODWIN. What is the question?

Senator WARNER. When I was in the Department of Defense, and we had issues arising on the Hill, I could not be expected to keep abreast of all the procedures, and what was going on.

I relied heavily on the Assistant Secretary of Defense for Legislative Affairs, Mrs. Carlisle. Did you try and clarify what it was that the House wanted, and how they wished to develop it?

Mr. GODWIN. Did I seek her advice? I talked to her several times.

I must point out to you, maybe 2 weeks ago I assumed I would be a civilian at that time.

Senator WARNER. I do not think the civilian versus military issue is applicable here. You are a Presidential appointee. Nobody has ever stripped you of your civilian status.

Mr. GODWIN. I was not working in the Department of Defense. I had resigned.

Senator WARNER. I understand. I am trying to be helpful, because the final question that I will eventually ask is, since you testified in closed session before the House, and this Senator and I am certain the chairman and others, want to avail you of the same opportunity, do you feel there is a need for this committee to convene in a closed session to receive such additional testimony as you may wish to give?

Mr. **Godwin**. No.

Senator **Warner**. Very well, then. I am somewhat perplexed as to why the House was closed and why the Senate was open, and whether or not you were involved in that decision process.

Mr. **Godwin**. I think it was primarily timing.

Senator **Warner**. I guess the bottom line is, you feel you have been given every opportunity this morning to state your case, and you have no desire to go into a closed session.

Mr. **Godwin**. That is correct.

Senator **Warner**. I would be the first to suggest to the chairman that we avail you of that opportunity.

Chairman **Nunn**. In fairness to Mr. Godwin, I advised Mr. Godwin that we needed to have an open session, because I did not think these were classified matters.

I did not believe they involved matters that would be within the closed rule matter of the Senate.

Also, there was an awful lot of interest. There had already been several articles in the press about this position and the views of the Packard Commission. A lot of people have been banking on the establishment of the Under Secretary's position to address and perhaps cure a number of procurement problems that we have over the years in the Pentagon.

I suggested that we have an open hearing. That was something I felt strongly about.

Senator **Warner**. When I talked with you, I certainly concurred. Given my own knowledge of this case, I could not foresee any area which could not be fully shared with the public.

I accept the open hearing. The chairman mentioned the Packard Commission. I wish to go back to a report issued by the Packard Commission entitled, President's Blue Ribbon Management Commission on Defense Management, comments on S. 2151, as amended.

This is a document in which the Commission rendered judgment on the legislative process. I read from it and quote: We believe that placing one senior official in charge of defense acquisition on a full-time basis is necessary, because the demands for the acquisition system have become so weighted.

We are also strongly of the view, however, that the Secretary of Defense should be permitted to organize acquisition responsibilities subordinate to the new USD(A), as he sees fit, and as will best support the USD(A), to preserve necessary flexibility.

This is the key sentences: To preserve flexibility, this subordinate acquisition organization, within the Office of the Secretary of Defense, need not and should not be detailed in statute.

Let me read that: To preserve necessary flexibility this subordinate acquisition organization within the Office of Secretary of Defense need not and should not be detailed in statute.

Do you concur in that observation?

Mr. **Godwin**. That would be my general view, yes.

Senator **Warner**. So we should not try to get into that area and statutorilly address it?

Mr. GODWIN. The question was asked of me, however, as I recall it, "If there were no other way to fix it, would you agree with statutory relief?" I think I said yes to that. But I think the less law in this area the better.

Senator WARNER. We have had quite a body of law in this general area, and indeed, in other areas of procurement, which are those, as you point out, distinguishable, nevertheless.

It seems to me it might be very wise for Congress to allow the system to work under this new framework of law for a period of time before the Congress try and leap in again to make some changes.

As I read your testimony today, and listen carefully to your testimony, I think you confirmed that position. Do you agree?

Mr. GODWIN. I think so.

Senator WARNER. Thank you.

Chairman NUNN. I would only add one other question, Mr. Godwin. It sounds to me like you have already gone through the trial and error method, and you are here telling us it is not working, and Congress should not enact laws in this area unless all else has failed.

The question is, has all else failed?

Mr. GODWIN. I think all else that I can do has failed.

Chairman NUNN. Do you believe that your successor, sir, is likely to be successful if we keep everything like it is?

Mr. GODWIN. It depends on how you measure success. If we are not trying to make changes, I think he will be highly successful.

Senator WARNER. Before we conclude, I do not want to see you depart. I presume you will come back to the witness stand after Mr. Taft.

But anyway, to conclude on the note that you have failed, because in my judgment, you have succeeded in a variety of ways.

And I think according to my notes here you said earlier that your area of responsibility is functioning better today than it was a year and a half ago. Is that correct?

Mr. Godwin. That is correct.

Senator WARNER. Let us give you credit for having at least achieved that goal. It is better.

The Secretary of Defense is 99 percent behind you in the implementation of the Packard Commission. So I think we have made some progress.

Mr. GODWIN. You are correct.

Chairman NUNN. I believe Senator Levin has one question.

Senator LEVIN. You said somebody urged you to resign and leave town. Who did that?

Mr. GODWIN. I would rather not say, but it was to avoid the controversy. We had gotten into the position where the atmosphere, intended or not, created by the media showed me in an adversarial position with everyone. It had reached a personal basis, and had made the case that I was not being supported by the Secretary.

And that was just incorrect. I felt that if anything developed at these hearings on that basis, it would be wiser to let things lie and leave the post quietly.

I told the Secretary everything I thought.

Senator LEVIN. Did somebody in the Defense Department urge you to resign and leave town?

Mr. GODWIN. No.

Senator LEVIN. My other question was this: Senator Bingaman raised an issue which troubled me a great deal too, and that was the shift of that word "establish" to the word "develop".

There is a real difference in those two. But I notice in the February 10, 1987 directive, that the same change is done. If you look at page 2 of that directive, up on B, it says develop policy for acquisition plans and strategies.

The statute says, establish policies for acquisition. That change is not so subtle a shift. It seems to appear back in February.

Mr. GODWIN. I do not have that. It could be as these directives are developed, they are written a number of times. I do not have that particular copy.

Senator LEVIN. My only point is that if in fact that word was used in February, then it was a last minute change, after you offered your resignation.

Mr. GODWIN. The version I had seen just before I resigned, and the one that was signed, were different to that extent.

Senator LEVIN. You signed one?

Mr. GODWIN. No, there was one in draft form that had the word "establish" in it. The one that was adopted and signed by the Deputy Secretary, I think, substituted the word "develop".

Chairman NUNN. Thank you very much, Mr. Godwin. If you do not mind, I certainly understand if you want to take a break, but we are going to go ahead with the hearing with Mr. Taft.

If you do not mind waiting, we would like to make sure that we have heard from you fully before you depart. I will ask Mr. Taft to be invited in.

Mr. Secretary, we are pleased to have you this morning. We have had a little procedural disagreement here, and we wanted you to know that we would have been delighted to have you last week or yesterday afternoon.

And also, as I recall the conversation, I indicated to you if you preferred to come after, that would be understandable, but we would prefer for you to come with Mr. Godwin.

We never have worked out a day, so we are pleased that you came this morning and on short notice.

But I did want the record to be clear, there was always the full intent of hearing from you, because we feel we do have to hear both sides of this.

Mr. Godwin has testified this morning. We have asked him to remain here. We would like for him to be able to be recalled after you have completed your testimony.

And perhaps if you could stay, perhaps we could see what we agree on and what you agree on with Mr. Godwin, and where the disagreement is so we can pin it down.

We have been through this with a great deal of pain. We are being very careful with the Packard report.

We were asked by the Packard Commission, as Senator Warner read into the record, not to get into the details on this, but simply to give the broad authority, and leave it up to the Secretary of Defense.

And we heard this morning that the system simply has not been implemented in accordance with the Packard report, although some changes have been made.

The Packard report has not beem implemented, and Godwin does not believe that the status quo is the most efficient system.

So that is about where we are, without trying to summarize all of it. And we would be pleased to hear from you at this point.

But first I would yield to my colleague.

Senator **Warner**. Mr. Chairman, I wish to thank you for acceding to my request that we bring Mr. Taft up here, so there would be a sequential presentation.

Mr. Taft, I think in fairness to you, you should know, and the record would reflect, comments by Mr. Godwin, that the Secretary of Defense and yourself have been most supportive, 99 percent supportive, and that he, Mr. Godwin, feels that in the last year and a half, substantial progress has been made within the Department of Defense in terms of improving the acquisition process.

He further said very clearly that the Secretary of Defense and yourself were supportive of the Packard Commission recommendations, and that certainly in your office, and that of the Secretary, efforts were being made to implement these recommendations.

And indeed, myself and other members of the committee want to see the implementation.

And so it may well be that this testimony can be narrowed down to perhaps a timing situation. And again, with your experience in the department and the experience of others who have been there, we all recognize that sometimes it takes a period of time within which to make changes which are needed, but yet of a magnitude, drawn up in this law, that could not be achieved, shall we say, overnight.

I am pleased that you are here, and I hope that your testimony alongside that of Mr. Godwin and such followup as we may have here this morning, that we can resolve this issue.

Chairman **Nunn**. Mr. Taft.

STATEMENT OF WILLIAM H. TAFT IV, DEPUTY SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE

Mr. **Taft**. Thank you very much for the opportunity to appear.

As you know, I am always glad to have an opportunity to meet with the committee, and today is no exception.

I apologize for not being able to communicate with the committee very clearly as to the right times of availability, but I am here and delighted to have the opportunity to join you.

Let me, if I may, just answer a few questions that I would pose myself, as a result of the situation in which Mr. Godwin has resigned as Under Secretary of Defense for Acquisition.

Senator **Warner**. Excuse me, that is still unclear. His letter of resignation has been forwarded to the President.

There is a question as to whether or not there is some purposeful delay in accepting it. As I understand it, it is the desire of Mr. Godwin to appear before this committee.

The Chair indeed tried to accommodate the time of this hearing to occur following acceptance of the resignation. You may wish to clarify that.

Mr. TAFT. Well, Senator Warner, my understanding is that Mr. Godwin resigned in a letter to the President written last Monday, the 14th of September.

I do not believe that has been formally accepted by the President, but it is a formality at this point.

Senator WARNER. There was no intentional delay within the administration to accept this, and it is being handled in a manner that is routinely applied to all.

Mr. TAFT. That is entirely correct. It is just a formality.

If I may, just four questions really occur to me that I would like to address specifically for the committee.

One is, and I think the most important is, whether the Department has implemented the Packard Commission's recommendations.

And I would answer that except where it is inconsistent with statute, this has been done. This is true both for the substantive provisions relating to the acquisition process, and for the organizational provisions.

It specifically is the case with respect to the establishment of the Under Secretary of Defense for Acquisition.

The Under Secretary's authority to direct the services in acquisition matters, as provided in statute, is also reflected in his charter.

The span of authority over offices in the Office of the Secretary of Defense, conforms to the Packard Commission's recommendations, except for two instances, the Office of Testing and Evaluation, and the audit policy functions of the Inspector General, because the Congress disapproved those aspects of the Packard Commission recommendations.

The authority is established in the DOD directives which were just recently issued. They are reflected in the charter of the USD(A), which was issued in February.

And, I think collectively, all of these directives make it clear that the Under Secretary of Defense for Acquisition is the principal adviser to the Secretary of Defense on all matters pertaining to the DOD acquisition system.

As I said, all substantive recommendations are also there. These things do take time to put into place, but they are reflected in the directives, and they are the policy of the Department.

We execute them day after day, month after month, and we will still have to execute them in the years to come. But they are in place.

We in the Department remain committed to the Commission's goals, and to the specific proposals that it made to achieve them.

The second question is, why does Mr. Godwin feel that this may not be the case, that they were not supporting the Packard Commission recommendations, or that he did not have sufficient support from the Secretary of Defense to put them in place.

And, I know you have had an opportunity to hear from Mr. Godwin on this. He is, of course, the expert, so I will not attempt to elaborate much on what he may have told you.

I would say two things. One is a general attitudinal or generally subjective point, and that is I think we probably, at the outset, have made a mistake.

We in the Department, the media, and the Congress, are wrong in characterizing any position, and specifically, the Under Secretary of Defense for Acquisitions position, as a czar.

There are no czars in Washington. People come here and they have to work with other people. They encounter resistance to things that they are trying to do.

It is a difficult task that we are engaged in when we undertake to reform the acquisition system and introduce far reaching changes such as the Packard Commission undertook.

A czar would not have the same encounter, the same difficulties that Mr. Godwin, the Secretary and myself, have encountered in putting these reforms into place.

There may have been some overselling of the job by that characterization which could only result in some disappointment.

As to a specific difference that could, I think, affect Mr. Godwin and disappointed him, was the nature of his relationship with other staff officers in OSD.

In particular, the Under Secretary of Defense for Policy, the Assistant Secretary of Defense for Force Management and Personnel, and the Program Analysis and Evaluation office.

The Packard Commission really did not address very much of this issue, but the Secretary proposed to Mr. Godwin in June that these offices and OT&E be included in the Defense Acquisition Board.

Mr. Godwin did not want them on the board. The Secretary acquiesced in this preference in this regard, with respect to all of the offices, except for PA&E.

I think Mr. Godwin was disappointed that the Secretary did not back him up entirely.

That is the only substantive difference that I am aware of where the Secretary did not support the Under Secretary in the setting up of these directives.

That may have been the source of some disappointment.

Should the USD(A) be given more authority than the Packard Commission recommended, or than current law provides? This is a very important question for the future.

There are only two ways in which the Under Secretary's authority can be increased: Either he can be elevated so that additional officials in the Department are subordinate to him in acquisition matters, or his authority can be expanded to include offices and activities whose principal activities and responsibilities lie outside of the acquisition system.

And I am accepting here any discussion of OT&E and the IG issues which the Congress addressed.

So just put those to one side for the moment.

With respect to elevation, only the Secretary and the Deputy Secretary are currently not subject to the Under Secretary's authority in acquisition matters.

A number of people in the Department seem to think, from time to time, that the Secretary works for them, instead of the other way around. But we do not want to establish that as an organizational principle.

The Deputy Secretary's authority and responsibilities currently coincide with the Secretary's. The Deputy extends the Secretary's range and enhances his ability to manage the department.

I will return in a moment to the possibility of changing the Deputy's job. But as it has been known for decades, with the exception of one brief experiment which was quickly abandoned Under Secretary tary Rumsfeld, and as it is currently constituted, the Deputy's office is inherently not subordinate or coordinated with any other office in the Department.

In fact, that is just how the statute defines the office. Expanding the Under Secretary's authority over offices not principally engaged in acquisition would, in my judgment, defeat one of the principal objectives of the Packard Commission.

This was to establish an official, a substantial authority, who would work fulltime on acquisition matters.

You cannot have it both ways. A fulltime acquisition executive cannot simultaneously direct the activities and determine reviews of offices responsible for advising the Secretary on strategy, alliance relationships, arms control, force structure, manpower, reserve forces, special operations forces, or the allocation of scarce resources over the full range of defense requirements.

Yet, the activities of those offices, and of other partially independent enterprises, such as OT&E and the IG, certainly do intersect with the acquisition system.

Currently, the Secretary, with the assistance of the deputy, manages the traffic in that intersection. That, too, is a fulltime job.

In my view, whoever does that job should not also be the acquisition executive.

This was, I believe, the central tenet of the Packard Commission's approach to these issues. Mr. Packard has told me repeatedly that as deputy he did not have sufficient time to carry out his duties as acquisition executive.

I was deputy acquisition executive for 2 years at the same time, and I agree with him. The last year, during which I have not been acquisition executive, has been a much easier one for me.

Now it has been proposed, but not by the Packard Commission, that the job of Deputy Secretary be divided into two deputy secretaries. One deputy being responsible for acquisition and the other being responsible for everything else.

This would not increase the number of people who actually report to the Under Secretary of Defense for Acquisition, but I suppose it would enhance his prestige.

It is a bad idea for at least two reasons. First, as I said before, the Secretary uses the deputy to extend his own range and manage the department.

He is able to do this because the deputy's authorities and responsibilities coincide with his. Like the Secretary, the Deputy has no large personal staff or office.

As Congress recognized in creating a Vice Chairman of the Joint Chiefs of Staff last year, what a Deputy does is help the principal do his job better.

The balkanization of OSD has already, in my judgment, gone too far, and unreasonably complicated the Secretary's management tasks.

To suggest that the single official who now shares this perspective and helps him perform from that perspective the difficult job that he has, be disestablished seems most unwise.

In none of the recent studies of the Department, including the Packard Commission's or those of this committee, has this ever been proposed?

The idea may sometimes appeal to those preoccupied with a particular aspect of the Department's activities, as a way of promoting their concern.

But for those who view the Department as a whole, it has nothing to recommend it.

Chairman NUNN. Where did that recommendation come from? I did not understand it came from Mr. Godwin, or did it?

Mr. TAFT. I have heard it said, and there was some discussion in the House committee before which I testified last Thursday, that this was an option.

And it has been considered, as I say, not by the studies of recent——

Chairman NUNN. That is not a difference between you and Mr. Godwin, is it? He has not represented that, has he?

Mr. TAFT. I would be delighted to hear that it was not. I do not know. You could ask him.

Chairman NUNN. We will ask him that question. But he did not testify to that today.

Mr. TAFT. Well, I am delighted to hear that. And if this is not an option that is being considered seriously, I could finesse the second reason, if you like.

Chairman NUNN. I am just saying, I do not think it is an issue here today in this hearing under this set of circumstances.

I did not hear Mr. Godwin make it.

Mr. TAFT. It is the only way you could elevate him, in any event. So, if you are not going to elevate him, and you are not going to expand him horizontally, I do not know what you could do to give him more authority than he has, that is my point.

I am contemplating the only two possibilities for additional authority for the Under Secretary.

Chairman NUNN. My impression was, he was not complaining about authority problems from his level up. What he was complaining about was authority from his level down.

Mr. TAFT. I think the authority from his level down——

Chairman NUNN. I did not hear him complain about your authority or the Secretary of Defense's authority.

I think what he is frustrated by is his authority vis-a-vis the services under him. That is the point of friction as I understood it.

Mr. TAFT. There is no ambiguity about his authority over the service secretaries in acquisition matters. It is clearly established in statute.

It is clearly established in the regulation, which in fact, essentially quotes the statutes.

He has that authority. That does not mean that when it is exercised, the subject of his authority, or the objects of his authority, will agree with him.

That does not mean that when they are told to do something, they will not suggest that they not be told to do it.

But it does mean that when they are told to do it, he has the authority to direct them to do it, and they must do it whether they agree with it or not.

At the end of the day the authority is there.

Chairman **Nunn**. We want to pin this down a little bit more, but go ahead.

Mr. **Taft**. That authority is very clearly there, Mr. Chairman. Let me just go to the last question that occurs to me and say about the circumstances of Mr. Godwin's resignation because I do want to be clear on this. Mr. Godwin advised the Secretary that he intended to resign in July, I believe. He stated that his decision was definite, but that it was not intended to pressure the Secretary into any particular action, or make a change in the way the Secretary was approaching any issues. He was simply not going to continue with the job.

The Secretary attempted to identify particular issues, but what Mr. Godwin said about his intention to resign remained fixed. The Secretary attempted to dissuade him.

Senator **Warner**. That is important. In my discussions with you and the Secretary in preparation for this hearing, it was quite clear that Mr. Weinberger and yourself endeavored on at least two or three occasions to encourage him to remain on and give it another all American try. Isn't that correct?

Mr. **Taft**. This is correct, Senator Warner. We both did. The Secretary I am sure more than two or three times. He is not a man who gives up easily as you know, and we certainly did pursue that and attempted to presuade Mr. Godwin to change his mind. It was not a matter of a single issue. While Mr. Godwin did agree to delay his departure, he did not change his mind.

Senator **Warner**. As a matter of fact, the Secretary and Mr. Godwin had been associated in an earlier job environment. You might touch on that. In fact, they were pretty good friends in college.

Mr. **Taft**. I am sure they were and I believe they remain so, but Mr. Godwin did not wish to continue working with the Secretary in the Department today.

Those are the questions that occur to me and some of the answers, and I am sure other questions will occur to members of the committee and I will be glad to try and answer them also.

Senator **Bingaman** [presiding]. Mr. Secretary, let me ask a few questions. We will have the same 5-minute rule here that we have been having. You indicate that you think there is no ambiguity about the authority of the Under Secretary for Acquisition to direct the service secretaries. In his testimony, Mr. Godwin says, and I will read you two sentences, he says, "I expected disageements and some resistance to change but not to the degree that we have experienced. This situation has been complicated by legal opinion which questions the authority of the Under Secretary of Defense for Acquisition to direct the services on these matters."

It came out in his testimony today that he is referring to an opinion dated June 17 of 1987. I think you have a copy of it there in front of you which says, "To the extent that the service secretaries acquiesce in the relationship established by the proposed directive, we propose no legal objection. To the extent the service secretaries do object, these provisions would be difficult to defend under the current statutory scheme."

He has interpreted that directive, that legal opinion, as raising doubts about his authority to direct the service acquisition executives and his authority to thereby carry out his responsibilities under the statute.

You say there is no ambiguity about that. I would be interested in whether you knew about this opinion from your general counsel, or whether you agree with it, or what are your thoughts?

Mr. TAFT. I believe what this opinion is directed to is a proposal in the regulation that would give the Under Secretary of Defense for Acquisition this authority. It says if the service secretaries don't object, there is no legal objection to the secretaries putting that authority into the regulation. In fact, we did issue the regulation with that authority in it.

In other words, we went ahead and the Secretary signed the directive with that authority in it. So there isn't any further question. There is no service secretary I should say in the Department who disagrees.

The hypothetical situation here simply will not arise.

Senator BINGAMAN. And you are saying they were not addressing the question of whether the Under Secretary for Acquisition had the authority to direct the secretaries and the service acquisition executives. They were addressing the question of whether someone objected to that being specified in the directive?

Mr. TAFT. I believe that is what this is in response to. It is concerning that directive. That is the subject, and the directive contained the provision which gave the Under Secretary this authority.

Senator BINGAMAN. What basis would anyone have for objecting to that being included in a directive if everybody agreed that was the law?

Mr. TAFT. No basis at all as far as I am aware. They did not object.

Senator BINGAMAN. Is the General Counsel telling them that their acquiescence is required or else it will be very difficult to defend this under the statutory scheme? I don't understand.

Mr. TAFT. I think the General Counsel is anticipating—he is a very fine General Counsel if this is Mr. Garrett. Well, it is Mr. Trosch. He is very fine, too.

Senator BINGAMAN. How many general counsels do you have?

Mr. TAFT. He was on this particular case. Mr. Garrett was in transition at that time is what I was unclear of. He was anticipating a possibility here which, in fact, did not arise. General counsels tend to do that. It did not arise. No one did object.

Senator BINGAMAN. He is saying here, and I will read it, "that if someone wants to object, there is real question as to whether this Under Secretary has authority over the service secretaries and these service acquisition executives." That is what I am understanding him to say. If the service secretary wants to object, then we have a real problem.

Mr. **Taft**. But they do not.

Senator **Bingaman**. Your view is that the——

Mr. **Taft**. And they will not. I make that clear here. They are subject to him.

Senator **Bingaman**. And you think to the extent that the General Counsel may be inclined, they have a legal basis for resisting his directives? The General Counsel is just wrong.

Mr. **Taft**. I see what he has written here, but I tell you that the service secretaries haven't drawn very much into their approach on these matters, that the Under Secretary of Defense for Acquisition has this authority. The statute is very clear on that, and the attempt in the regulation was simply to track that.

Senator **Bingaman**. You said the Packard recommendations have been implemented except where the statutes have directed otherwise. One of the Packard recommendations was that the service secretaries appoint a full-time service acquisition executive. According to Mr. Godwin's testimony that did not occur. In fact, the Secretary of the Navy appointed himself as the acquisition executive, and none of the other acquisition executives appointed were, in fact, full-time people doing those jobs. Is that contrary to your understanding of what Packard recommended? I've got Packard's recommendation right here where he does say they want a full-time person in these jobs.

Mr. **Taft**. I have the impression and the services have varied this to each. It is in the Navy the Under Secretary of the Navy who is service acquisition executive today. I think you are right about Mr. Lehman and his approach to it, but Mr. Garrett is now the service acquisition executive, and I believe it is Mr. McGovern, the Under Secretary of the Air Force who is the man in the Air Force, and in the Army I believe it is Mr. Ambrose. I'm not sure.

The point is to have a person who is a service acquisition executive who has the range of authority that is needed to put these positions down, and to supervise the activities. It happens as the services are constructed that that may only exist at the Under Secretary level.

I have discussed that with members of the Packard Commission. I think, in fact, the general expectation was, with the people I have spoken with, that it be the Under Secretary who would have this job.

Senator **Bingaman**. And where it says in the Packard report this person, this defense acquisition executive, "should devote full-time to his acquisition responsiblities." You don't believe that means what it says?

Mr. **Taft**. That is the defense acquisition executive?

Senator **Bingaman**. Yes.

Mr. **Taft**. I believe that is what it says. That is the Under Secretary of Defense for Acquisition. The service acquisition executive, I believe you have more difficulty finding a person who can be full-time on the case who also has direct authority.

Senator **Bingaman**. This is the service acquisition executive I am describing. They say in the Packard Commission report that the service acquisition executive in each case should devote full-time to his acquisition responsibilities.

Mr. **Taft**. They do say that, and when we came to find out who that person would be who would be elevated enough to have the adequate authority, typically it was the Under Secretary. He does have some other duties.

My understanding was that the Packard Commission people really had the Under Secretary in mind. I have specifically talked with them about it and that seemed about right to them at the time. Now the fact that he has other duties is inconsistent with what they put in their report, but I really do think they contemplated that it would be the Under Secretary in most cases. And there was some unhappiness that it was an assistant secretary in the Air Force for a while, and in the Army.

Senator **Bingaman**. My time has expired, Mr. Chairman.

Chairman **Nunn** [presiding]. Senator Warner.

Senator **Warner**. Mr. Chairman, again I thank the Deputy Secretary for coming in here. I have followed this as carefully as I can to see if we can reach some conclusions. We have on the one hand a citizen who has been in the private sector I think all of his life. He has come to a position, a very difficult one, under new direction by statute from the Congress, and I think he stayed about 9 months Is that about right?

Mr. **Taft**. About a year, I believe.

Senator **Warner**. On the other hand, Secretary Weinberger and yourself have been a team for many years. We have worked together within the Defense Department since the President took office as the former Director of the Office of Management and Budget, former Secretary to HEW, and indeed the two of you as a team have observed a number of management situations and changes and so forth.

I am wondering if we are not seeing a case here of the best of intentions of a man coming from the private sector into the Government for the first time seeing the complexity of how all these things operate, working as best he can with the team. The Secretary himself has been in the Government for a very considerable part of his career, and somehow this thing just didn't work out. These things happen in this city and they will continue to happen.

My concern is that I do not think Congress should rush in and try to change situations that just develop, as a result of personalities or failure of expectations. Say what you want about Secretary Weinberger. He is a champion certainly for survivorship in this city and the ability to make things work and work well.

I lay that foundation to simply ask, as you have indicated to me before, and now publicly, that the Secretary tried to persuade this fine American to stay, but that is history. You have done your very best to work it out and it did not work out. I just received a call from the White House that you are seeking clearance for another individual, as you should, to take this position. The individual is one who is presently in the employ of the Department of Defense and understands this position simply by virtue of his exposure to it.

Assuming that Congress confirms this individual as a replacement, have there been lessons learned from the Godwin situation in terms of management, so that you are going to revise the charter for his successor. I do not mean the legal charter because I think it is clear now that we are not going to try to change this law. At least I would resist change at this point and time. You will see a real donnybrook when we get into that one.

Chairman NUNN. The Senator from Virginia is not prejudging this issue?

Senator WARNER. Not the basis of what we have received today. You know, a lot of people are watching and looking at this thing. As stated here time and time again, it feeds into stories of the problems that go on in the Defense Department. This is another chapter. As I listen to Mr. Godwin I do not think it is another chapter. I think somehow it is a disconnect that concerns from time to time, all levels and all bureaucracies. Such will continue long after all of us have departed.

Are there lessons learned that you are going to apply in this situation in terms of his successor?

Mr. TAFT. Senator, I have to say the Secretary's difference with Mr. Godwin is critical in that it involves whether he would want to continue doing the job or not. It is not why. That is essentially what it is. The Secretary wanted him to continue. He thought he could do the job and do it very well. He wouldn't have been so insistent that he stay if he did not believe that, and he really wanted him to stay and to do the job. He thought he could in the way that it was structured.

I think that for the next person to come along, that really is the only difference that we had with Mr. Godwin, that is a difference we would attempt to change. We need somebody who wants to do the job, and we will find someone. When we do, we have the legislation, we have the charter, and we then do have someone who is willing to do the job and will do it. That is all we need.

Senator WARNER. Let me see if I can interpret your reply to my question. As the new appointee presumably will be confirmed in the Senate and moved into the position, you will continue to try to make this position work as you have had with Mr. Godwin. We are not to anticipate a whole new series of internal directives with respect to the position. Is that correct?

Mr. TAFT. I believe that the directives as they have been issued——

Senator WARNER. The answer is that there will not be. Is that correct?

Mr. TAFT. The answer is that they will not be changed. They are the way to go forward. We just need a person.

Senator WARNER. As we sit through this testimony today, it seems to me the message is that this is an honest difference where personality conflicts with the approach to a job. We should respect, as this Senator does, the desire of this citizen to return to private life, having done the best that he could do and, indeed, achieve a measure of success.

We should not try either legislatively or otherwise to cause the Congress to force upon the executive branch, namely the Secretary and yourself, any changes as a consequence of this particular resignation.

Mr. TAFT. I think you have stated my view, Senator.

Chairman NUNN. Thank you, Senator Warner.

I believe Senator Dixon is next.

Senator Dixon. Thank you, Mr. Chairman.

Mr. Secretary, you, of course, played a very important and significant role. Quite frankly, I felt very supportive of this Senator and others when we made these very significant changes in the law. Is that not true?

Mr. Taft. I am glad you think so, Senator. I was trying to do exactly that.

Senator Dixon. You were here on committee hearings on a number of occasions and testified essentially in support of the Packard Commission Report; is that not true?

Mr. Taft. I even urged you to include OT&E without a great deal of success.

Senator Dixon. Is it not also true that you supported the idea of a direct line authority from the Under Secretary of Defense for Acquisition over the service secretaries and others?

Mr. Taft. This was very clear in the Packard Commission recommendations.

Senator Dixon. It was your testimony. I remember your testimony in Senator Quayle's subcommittee, if I recall.

Mr. Taft. That is where I said it, but I said it everywhere I was asked.

Senator Dixon. You are familiar with this law that we passed in connection with the Under Secretary of Defense for Acquisition? I do not need to read that. You know that law.

Mr. Taft. Yes, sir.

Senator Dixon. The provision that says with regard to all matters for which he has responsibility by law, which is the whole page here, or by direction of the Secretary of Defense, the Under Secretary of Defense for Acquisition takes precedence in the Department of Defense after the Secretary of Defense and you, sir, the Deputy Secretary of Defense.

Is that not correct, sir?

Mr. Godwin is leaving us. He has performed an important public service. I think I agree with my friend from Nebraska that it is the most important one. His resignation has brought the attention of everyone on this particular question, so I will now ask you several questions.

In your opinion, is the Under Secretary of Defense for Acquisition subject to the authority, direction and control of anyone other than the Secretary of Defense or the Deputy Secretary when acting for the Secretary?

Mr. Taft. Not in the areas under his responsibility, which would be, as you said, the qualifier.

Senator Dixon. Let me ask you this. When a service secretary disagrees with the Under Secretary on an acquisition issue, in your opinion is there a formal process or directive or regulation to ensure that the Under Secretary as a primary adviser to the Secretary of Defense on acquisition matters can formally review and advise the Secretary prior to his decision?

Is there some kind of a review process where there are disagreements?

Mr. Taft. Who would do this?

Senator DIXON. If the new Under Secretary of Defense for Acquisition, whoever he may be, that is suggested by the President and ultimately confirmed by the Senate, has a disagreement with the service secretary in the future, which I think the clear evidence here is has occurred in the past, what is the policy? Do you have an established policy about how that difference is reconciled?

Mr. TAFT. Well, in the normal course, we would first of all, try to help them reconcile it amongst themselves. We do not want to encourage engaging the Secretary himself in these matters any more than necessary. So the first thing is to encourage them to resolve their differences.

If they do not resolve them, then the proper step would be for the Under Secretary to determine the matter, as the Under Secretary of Defense for Acquisition, as he prefers and to direct the outcome that he wants.

Senator DIXON. Say he tells the Secretary of the Air Force this is what I direct you to do under my direct line of authority with respect to this acquisition matter or policy, as the case may be, and the service secretary says—or maybe he says nothing. He just does not do it.

Now, then, what happens?

Mr. TAFT. It is the same thing that would happen in the case where the service secretary would disregard an instruction from the Secretary. He is not doing what he has been told to do.

Now, usually the service secretaries are not quite that obvious. They are very skilled. They can usually explain that, in fact, they are doing it or that they wanted to do it in a different way. It is always very complicated, and this is why we have to go into work 6 days a week, to figure out all the ins and outs of these matters.

Senator DIXON. I guess that is why we are here today, because a year has passed, and, clearly, you agree as the very powerful Deputy Secretary of Defense that this law is what we say it is. A man who is resigning says that he could not carry out the purposes of the act, and yet I think your testimony is pretty clear that you think he clearly has the authority.

I just wonder what is the problem.

Mr. TAFT. What we are dealing with here is not a novelty. It is a situation in which a large organization exists. A manager is put in charge of it, and he issues directives. I mean, this is as true of the Secretary of Defense as it is of the Under Secretary of Defense for Acquisition or the Deputy Secretary or, you might dare say, it is true of the service secretary in his own fight.

We issue directives. We try to follow them up. We try to make sure they are happening, but it is a full-time job to be sure that is happening.

Senator DIXON. Is it the institution itself, the buddy system and the old turf, that everybody wants to protect? Is that obfuscating in every way it can what the Congress plainly did when it passed this law, Mr. Secretary? Is that what is occurring here?

Mr. TAFT. Senator, the law is very clear. The directive is very clear. Life is not so clear.

If you are saying that because the law is clear life will be clear, I cannot agree with you. Life remains to be lived after you have passed the law, and directives remain to be complied with after they are signed, whether they are signed by the Under Secretary of Defense for Acquisition or the Secretary of Defense or the President of the United States.

That is his job. It is not our job simply to sign things. In your case, it is, actually. You really luck out. [Laughter.]

Senator DIXON. You are saying we have the easy side of it.

Mr. TAFT. You get to pass the law. We have to execute it, and that takes more time, and it takes all day.

Senator DIXON. My time is up. Let me close.

Chairman NUNN. If it is any comfort to you, sometimes it takes us a long time to pass the law.

Senator LEVIN. Particularly this law.

Chairman NUNN. And the one on the floor now.

Senator DIXON. May I close by asking you this question? The Packard Commission has recommended that the DOD acquisition system emulate the proven practices of most successful industrial companies.

Now, what further changes are needed in your opinion to meet this goal of the Packard Commission that you agree about, I agree about, the Chair agrees about, the chair of the jurisdictional subcommittee agrees about and my friend from Michigan agrees about? Everybody agrees about it. It is a miracle, so what do we have to do to get it done?

Mr. TAFT. The only change I need is an Under Secretary of Defense for Acquisition, and we will be nominating one very shortly.

Senator DIXON. You do not think we will have to have this hearing again next year?

Mr. TAFT. No, sir.

Senator LEVIN. Of course, he did not think we had to have it this year, either.

Chairman NUNN. Your time has expired.

I notice the Senator from Michigan wishes to be recognized.

Senator LEVIN. Thank you.

First of all, Mr. Secretary, I am glad that you have testified that the law is clear that the acquisition chief here can direct secretaries of the services to take action in the areas of acquisition.

You have no doubt about the authority of that office to direct an acquisition action?

Mr. TAFT. I have no doubt about it, sir.

Senator LEVIN. I am glad to hear it. It took us a long time to get to that point in this committee and in this Congress, and I am glad that message got through and there is no doubt about that in the Defense Department.

Mr. TAFT. I believe I supported that throughout the consideration of the statute.

Senator LEVIN. I think you did. I think a number of the services opposed it.

Mr. TAFT. I think you are right.

Senator LEVIN. Back in February there was a charter for the Under Secretary of Defense which was issued or tentatively issued on February 10 of this year which had a paragraph 84 in it which said that where agreement on acquisition matters cannot be reached between the USD(A) and the secretaries of the military department, the matter shall be presented jointly to the Secretary or Deputy Secretary of Defense for resolution.

Now, that language was subsequently dropped after the Congress objected, as I recollect, to it being there, but how in the name of heaven did that language get into your draft directive? Do you remember?

Mr. **Taft**. I do not remember precisely, perhaps Mr. Godwin does. There was some irony in it, as I recall, in that I think it was put in to make it clear that only the Secretary of Defense could change these directives, and it got turned around so that it looked as if we were inviting appeals where there were differences. That was not the intention, and when it was called to our attention that that interpretation had been put on, as you say, it was withdrawn.

Senator **Levin**. Did Mr. Godwin bring this to your attention before it came to Congress?

Mr. **Taft**. This provision?

Senator **Levin**. Yes.

Mr. **Taft**. I think it was put in in an attempt to be helpful to him in his exercise of authority. It did not read that way. We took it out.

Senator **Levin**. Where agreement on acquisition matters cannot be reached, the law says one party can direct the other party.

My question to you is did not Mr. Godwin object to the insertion of that language in this February 10 directive? I do not know if it was tentative or draft. I think it was final directive number 5134.1.

My question is did he object to that language being in there?

Mr. **Taft**. My recollection is that he did not because he read it differently, as we all did, from the way it was subsequently read. That is my recollection.

Senator **Levin**. Senator Bingaman raised the question of Mr. Godwin which I would like to raise with you, and that is the use of the word "develop" in paragraph (f)(1)(a) of directive number 5000.1, which just came out, I guess, in early September.

Your language on page 7 is that Under Secretary of Defense for Acquisition is principal staff assistant, advising the Secretary of Defense on position matters, shall develop uniform policies and practices governing acquisition programs.

The statute says that the Under Secretary of Defense for Acquisition shall, as the Secretary of Defense may prescribe, establish policies for acquisition.

Why did you use the word "develop" instead of the word "establish" policies when it came to the powers of the Under Secretary of Defense for Acquisition?

Mr. **Taft**. I have no familiarity with that. It was just not an issue I recall.

Senator **Levin**. Is this the first time you have heard about this?

Mr. **Taft**. That is right.

Senator **Levin**. Do you agree there is a difference between establishing policy and developing policy? Is one stronger than the other? Is one a more clear grant of power than the other?

Mr. **Taft**. I would think "establish" is a stronger word.

Senator **Levin**. How did that happen? Did you draft this for the Secretary?

Mr. **Taft**. No, sir. This is 5000.1?

Senator **Levin**. Yes.

Mr. **Taft**. Most of that was drafted in the Under Secretary for Acquisition's office. It may have been in there when it came up originally.

Senator **Levin**. Mr. Godwin's testimony is that he was surprised when that word was slipped in there at the last minute. The draft that he had seen used the word "establish".

Mr. **Taft**. He may well be right. I just do not recall it.

Senator **Levin**. That is kind of discouraging.

Mr. **Taft**. I do not know that it is a matter of great significance.

Senator **Levin**. These are all matters of significance. To suddenly have a word change which makes it clear that he can establish policy and now when the directive comes down signed by the Secretary of Defense where the word "establish" has been changed to "develop"——

Chairman **Nunn**. I think that is the way life begins.

Mr. **Taft**. I do not see that his role is significantly different in either case, but I agree. "Establish" is a stronger word, but I do not recall the circumstances surrounding the change.

Senator **Levin**. Would you report those to us for the record?

Mr. **Taft**. We will.

[The information follows:]

EFFECTIVENESS OF LEGISLATION TO ESTABLISH THE POSITION OF USD(A)

Senator **Levin**. Would you report those to us for the record? (Refers to circumstances surrounding the change from "Establish" to "Develop" in DOD Directive 5000.1).

Mr. **Taft**. The change for "Establish" to "Develop" occurred during the staffing process for DOD Directive 5000.1. When the Directive was finally presented to me for approval, I did not feel that the change had major significance, nor did I view it as a reduction in the authority of the Under Secretary of Defense for Acquisition. Based upon Congress' concerns, the Directive has been modified to reinstate the term "Establish."

Senator **Levin**. My time is up. Thank you.

Senator **Warner**. Senator, my thought is we ought to have the opportunity for Mr. Godwin to come back.

Chairman **Nunn**. He is still here. It would be helpful.

Do any other members have any particular questions of Mr. Taft?

Senator **Levin**. I have one more.

Senator **Bingaman**. I have one more.

Chairman **Nunn**. We will go to Mr. Bingaman and then Senator Levin.

Senator **Bingaman**. Let me ask on this along the same lines I was asking before. You said that all the Packard Commission recommendations had been approved or been implemented.

One of their recommendations was that the service acquisition executives be selected in consultation with the Defense acquisition executive.

As you understand the facts, was that done? Mr. Godwin testified it was not. At least, he has advised me that he was not involved and consulted on the decision as to who to name as the service acquisition executive in each case.

Mr. **Taft**. I believe that was not done. At the same time, Mr. Godwin had a difference as to who was proposed to be selected.

That certainly could have been addressed, and the Secretary was open for business.

I know of one case in particular where there was not sufficient consultation. It could be done at any time. It could always be done.

Chairman **Nunn**. The Senator from Illinois.

Senator **Dixon**. Mr. Secretary, the information that many of us have is that Mr. Robert Costello will be suggested by the President as the replacement for Secretary Godwin.

Are you at liberty to suggest whether that is a fact or not?

Mr. **Taft**. I am not. I think Mr. Costello would make an excellent replacement for Mr. Godwin.

Senator **Warner**. Would you identify for the record who he is and where he is now?

Senator **Dixon**. He is now Assistant Secretary of Defense for Production and Logistics. I believe that is correct.

Senator **Warner**. I think he comes under the direct supervision of Mr. Godwin. I think that should be noted in the record.

Senator **Dixon**. Well, I think Secretary Godwin has been an excellent man. I share that opinion about Mr. Costello, who impressed me in the confirmation hearings that we had in this committee.

So my question will be, Mr. Secretary, on the basis of all the testimony here today and particularly your testimony, which is that you believe the Under Secretary of Defense for Acquisition does have the direct line of authority over the service secretaries and others subject to the direction and control of the Secretary of Defense and the Deputy Secretary, will you be supporting the next Under Secretary of Defense for Acquisition should it be Mr. Robert Costello, to see to it that his direct authority is supported by you as the Deputy Secretary of Defense?

Mr. **Taft**. We certainly will.

Senator **Warner**. Do you propose to do that in any way different than you have done for Mr. Godwin?

Mr. **Taft**. This will not be a new undertaking for me.

Senator **Levin**. The legal counsel wrote an opinion on June 17 about this same directive, 5000.1, in which he analyzed the various powers of the Under Secretary for Acquisition.

Are you familiar with that legal memorandum?

Mr. **Taft**. No, Senator. It was just handed to me, I think, when Senator Dixon was asking questions.

Senator **Levin**. Do you see the line in the middle of paragraph 1 that says we cannot tell from these provisions in DOD 5000.1 whether they will result in an intrusion on the authority of the service secretaries? Do you see that underlined?

Mr. **Taft**. It does not look as if it was underlined on the original.

Senator **Levin**. Do you know whether or not that directive was changed following this legal memorandum of June 17?

Mr. **Taft**. The directive was changed after June 17. There is no question about that. It was being changed in July and in August. Whether it related to this subject, I do not believe it did.

Senator **Levin**. Have you seen this before?

Mr. **Taft**. Not this memorandum.

Senator **Levin**. That is all the questions I have.

Chairman NUNN. One other question on that whole point about establishing the difference between those two words. Would you have any problem with taking that directive and conforming it to the law so the word "developed" would be changed to the word "established"?

Mr. TAFT. No, sir.

My desire in all of this is to give the Under Secretary the same authority as the statute gives him. That is the Secretary's desire, to be fully understood throughout the Department that he has that.

He is subject to the Secretary of Defense's direction, authority and control like everybody else in the Department but not to other people.

Chairman NUNN. How long does it take to change a directive over there in the Department of Defense?

Mr. TAFT. We can do it faster than you can legislate.

Chairman NUNN. If you walked back over there this afternoon, you could change that directive, could you not?

Mr. TAFT. I believe we could, sir.

Chairman NUNN. Your authority is a lot more precise and efficient than those of us in the Congress because you can make that change. I think it would be good to do that and clarify that. There may be issues that you have not resolved, and unless there is some unresolved issue, I think it would very much help clear the air on this rather important point if you changed the directive.

Mr. TAFT. Very good. We will certainly get our speedier people out. They will be the same people who worked on that problem with paragraph (e)(4) which, as you will recall, we dealt with in a matter of hours.

Chairman NUNN. That would be very helpful.

Mr. Godwin, we would like to get you to come back up, if you would.

Mr. Godwin, you have heard the testimony here now, and what we are trying to do is not get into personalities and that kind of thing. As I said at the very beginning of this hearing, we really want to know where the policy differences are, and you have heard Secretary Taft testify.

Could you tell us if there is anything that he said that you disagree with, and if so, what it is?

Mr. GODWIN. I do not think it is a question of disagreeing, more a question of interpretation.

Chairman NUNN. Tell us where the differences are in interpretation.

Mr. GODWIN. I did not take full notes of everything as I was listening, but let me just run down the notes to correct the record, at least, as I see it. I will start with the comments made by Senator Warner that I have been in industry all my life and might not understand how the Government works.

For the record, I would like to say that I have been in the Government some 14 years, 4 of which were in the Navy during World War II, and 10 years with the Atomic Energy Commission. So there was no misleading. I understood exactly what the situation was, and from that standpoint it was not a question of innocence or lack of understanding. Let me make that particularly clear.

In talking about the overall general question of management, I was told just recently that there are three ingredients necessary to run the Department of Defense—that some individual or group of individuals should possess three principal qualifications. One is that someone should be there who knows how to fight a war. The second one is that somebody has to be the leader, policymaker, and the man who maintains relationships with the Congress and executive branch and sets policy. And the third one is somebody to manage and run the largest company in the world.

It is this last point about which I think we are talking. In establishing this position of Under Secretary of Defense for Acquisition, the way I looked at it, it was absolutely necessary for it to be clear that that was my function. Obviously I would only be the advisor and only have my authority through the Secretary of Defense. But the point is that the Packard Commission and the Congress had asked that we establish within the Department of Defense a method of doing business which is proven by earlier experience in industry. That is what I envisioned the job to be.

Now, I do not think there was a disagreement on these points, either with the Secretary or with Deputy Secretary Taft. It is a question of how to manage and run the largest company in the world. To me it meant that we were to establish an unambiguous line of command and authority in matters of acquisition, that we would organize and establish ourselves in the Department in a way which is in line with good business.

Now, it becomes a question of how to implement these objectives. It was difficult to implement an organization with vertical or with clear lines of authority into an organization which is more collegial in nature. It was clear that to make it work we had to not only establish policy and set authority, but also exercise some discipline. So I think, while unpopular, we should have stuck with what we were doing as far as the Packard recommendations are concerned—what we originally agreed we were going to do. When disagreement occurred, the disagreement should have been settled inhouse, and when a decision was made regarding what we were going to do, people should have stuck with it. Anybody who could not live with it could stand up and essentially be responsible for whatever action he took.

Now, setting up this organization meant change. I think the testimony here this morning by Secretary Taft is quite right. I do not disagree with anything he said. And it is a great argument for the status quo. In other words, it makes the case that the business we are doing in the Department of Defense is the right way; it has worked, is proven, and we ought not make any particular changes.

My position is that in the matter of acquisition we have set out to do something different than that. We have set out to make it an organization which works in a streamlined, effective, and efficient way and is going to have some impact, and will collide in some areas with existing turf or existing responsibilities. It is in that area where my complaint lies.

We have not decided how the acquisition system impinges on the other systems, including the budget and planning cycle, and other work as far as the services are concerned.

I noticed it was mentioned that I was trying to get into the areas such as personnel and policy and other matters which were not related to the acquisition system, and on that statement I agree. As a matter of fact, I agreed so much with it that I objected to including those functions in the Defense Acquisition Board. As a matter of fact, it was I who did not want them. It was not the other way around.

I was urged to increase the membership of the Defense Acquisition Board mostly because this is the way we have always done it in the past, and it was not a personal matter. My view was the Board should be composed of individuals who were in the line of authority, who were, in total, responsible and accountable for the acquisition system. I did not just want people who worked for me. The membership of the Defense Acquisition Board consist of the Vice Chairman of the Joint Chiefs of Staff, three service acquisition executives, the Assistant Secretary of Defense for Production and Logistics, who is Mr. Costello whom you just spoke of, and the Comptroller.

Now that, in my view, is a group of people who are accountable, who had to make these decisions, and who can make them as a Department of Defense decision, not the Navy versus the Army. Having discussed it all, they could agree and send the recommendation forward.

It is around this mechanism where some of our differences have occurred. I have not wanted to move out and broaden what is now read to be a turf fight. Rather, I wanted to get some clear understanding of who is responsible for what. It is not good business to have everybody responsible therefore nobody responsible. I was insisting upon identifying responsibility and accountability.

You can see this is not necessarily the way the Department is run at the present time. This does not say the Department does not work. I am amazed at how well it works. It is composed of some outstanding people. It is a large and by far the most complex organization I have ever been associated with, but it works, and I am not here to say that the present system is unworkable and that it is composed of people who are not competent to do their job.

Chairman NUNN. But you are saying it can be made more efficient.

Mr. GODWIN. I am saying that.

Chairman NUNN. And you are saying, as I understand it, that you do not agree with the status quo.

Mr. GODWIN. Yes.

Chairman NUNN. Are you also saying that Mr. Taft's testimony endorses the status quo?

Mr. GODWIN. It tends to endorse the status quo, yes.

Chairman NUNN. Then you cannot agree with Mr. Taft.

Mr. GODWIN. I do not agree with Mr. Taft in that regard.

Chairman NUNN. Go ahead. I did not want to interrupt you, but I wanted to make that clear.

Mr. GODWIN. I was going to pick up the points as they occurred—one last point regarding selection of the service acquisition executives. In the selection of the initial service acquisition executives, I had not been confirmed at that time so I did not play a role. Accordingly, the only observation I made at that time was if this service acquisition executive was to be 100 percent on acquisitions, it was very difficult for me to see how the Secretary of the Navy could be all things to all people and still be 100 percent on service acquisition.

Senator DIXON. Mr. Chairman, I wonder if I might ask a question of Secretary Taft while Secretary Godwin is up there, that I think might be helpful in looking toward the future.

Chairman NUNN. Let me just ask Mr. Godwin—I will yield to you, but let me ask Mr. Godwin whether that completes your general observations on the Taft testimony.

Mr. GODWIN. Yes.

Chairman NUNN. The Senator from Illinois.

Senator DIXON. This is sort of a central question, I think, Secretary Taft.

Is it your position that the Under Secretary of Defense for Acquisition merely writes procurement rules and has no role in setting baselines and approving milestones for particular programs, or do you believe that he should be involved in setting baselines and approving milestones for particular programs?

Mr. TAFT. My position, Senator, is that he should be equally involved in both of those areas. He is the principal official in the Department who is engaged in those matters, subordinate only to the Secretary.

Senator DIXON. In other words, that would be the position that you would take with respect to the next Under Secretary, as well, for Acquisition, that he can be involved in all those matters?

Mr. TAFT. Yes, indeed. Those are the heart of his job.

Senator DIXON. Well, I believe it to be the position of Secretary Godwin that he was not given the authority to establish rules on acquisition matters of that kind.

Is there a dispute about that?

Mr. GODWIN. When you talk about baselines, I do not think there is a dispute about that. The problem was we could not get the services to provide baseline plans, which were required or suggested under the Packard recommendations.

I should quickly add that the initial request for these emanated from Secretary Taft.

Mr. TAFT. I was hoping you would not bring that up. It was a directive of mine before Secretary Godwin came on board, and that was not being complied with.

Chairman NUNN. Has it yet been complied with?

Mr. TAFT. It has been complied with, and I guess that point should also be made for the record, that the baselines are now in, and indeed, when we determined that they were not being provided, we made a point of it and insisted on them, and they have now been provided to us.

Mr. GODWIN. On that point, let me clarify. We have been provided with the baselines for what we call the enterprise programs. The other baselines, at least as of last week, have not been received.

Chairman NUNN. What is the distinction between them? I am not familiar with that term?

Mr. GODWIN. You recall in the legislation, which I think was passed in the last session, a number of programs were to be identified by the Department of Defense, and these were to be given special handling. It was then identified as streamlined handling, where we would cut through much of the procedures and regulations to give them a jack rabbit start.

Chairman NUNN. I am familiar with that, the Defense Enterprise. That was the Quayle legislation.

You are saying we have a baseline on those but not on everything else?

Mr. GODWIN. That is correct.

Chairman NUNN. Do you disagree with that?

Mr. TAFT. That is not the information I have. We can provide it for the committee, and I think—I guess a principal point is Under Secretary Godwin wants a baseline. The Secretary of Defense wants baselines. And we are going to get them in. I think we have gotten them in. That is not a difference as to policy or authority or anything of the kind, the support for baselining. We need it. We have got to do it.

Senator DIXON. May I ask further along those lines?

Chairman NUNN. It sounds like when you issued your directive, sometime, that life begins after that, too, not just when we pass a law.

Mr. TAFT. I hope I covered that point. I have never been under any illusion about it.

Senator DIXON. I think a great deal, Mr. Chairman, of what is being discussed here is very useful for the future.

I would like to further ask the Secretary, Secretary Taft, about the question of what involvement the Under Secretary of Defense for Acquisition ought to have in connection with budget determinations insofar as the various service secretaries and others are concerned.

Mr. TAFT. I would envision—and this principally is related to the first section of the Packard report, which as you know made extensive proposals relating to the planning, programming, budgeting system. My feeling is that the Under Secretary for Acquisition plays a major role in that activity. He is a member of the Defense Resources Board, which is the board that considers matter at the Office of the Secretary of Defense level. He can approach, in fact, that board. Our rules are rather informal, and if he wants to get into manpower areas or any other areas, he is free to tell us his views. But mostly he would be bringing his expertise, his knowledge of the acquisition programs for which he has the executive responsibility to that board.

If there are budget proposals that he thinks unwise as to what we are buying, he is there to tell us so.

Senator DIXON. That is important.

Do you believe that?

Mr. TAFT. Absolutely.

Senator DIXON. The Senator here on the other side this morning said it is okay for him to be involved in how we buy but not in what we buy. You say he can be involved in what we buy.

Mr. TAFT. Indeed. I fully expect him to be involved in that and to tell us what he thinks we ought to buy. That is why he is a member of the Defense Resources Board. That is where we decide what we are buying. He is there to tell us what he thinks about it.

Senator **Dixon**. Is there not a relationship between what a branch of the service might buy and what another branch of the service might buy and how those things augment one another in our total force system?

Mr. **Taft**. No question about that.

Senator **Dixon**. All of that is related.

Mr. **Taft**. Yes. And if he wants more total for procurement or R&D not related to specific programs but just versus the manpower programs, he is there to make that point. We are not investing enough in our industrial base, for example, just as a fundamental share, macro share. That is another purpose why he is there, but also on specific programs. He is there to tell us what he thinks.

Senator **Bingaman** [presiding]: Mr. Secretary, let me ask a question or two.

There is an article in Defense News this last week which says "In a July 30 memo, Marine Maj. Gen. Louis Buehl, Taft's senior military deputy, told Chu to amend the draft regulations"—they are talking about 5000.1 here—"in a way that would keep Godwin's hands off the budgeting process." The Buehl memorandum said that Taft "specifically does not want to have 5000.1 contain references or provisions which deal with the relationship between resource allocation under the [planning, programming and budgeting system] and defense acquisition procedures." According to Defense News: "Buehl further instructed Chu to coordinate the new revision with other recipients of the memo, who did not include Godwin."

I would be interested in your reaction as to, first of all, whether you felt it was inappropriate to have the issue of acquisition's relation to budget dealt with in 5000.1, and second, whether there was an effort to keep Godwin from commenting on this.

Mr. **Taft**. With respect to the first point, I did not feel that 5000.1 or 5000.2 were the place in which to prescribe or alter the provisions that are made in other directives for the Under Secretary of Defense for Acquisition or others in the Department participating in the resource allocation process. That process is established independently, and it seemed to me that any adjustments that were to be made in it should be made in the directives that bear on that topic other than in the directive setting up the acquisition system. And so that was why. I just wanted to make sure there was nothing in 5000.1 or 5000.2 that was amending a different directive. If there were issues to be considered, we could consider them in the context of the resource allocation process and the regulations governing it.

As to whether Mr. Godwin should be consulted as to changes that were made subsequent to Mr. Chu's and Dr. Cook's consideration of these issues, it seemed to me the right time to share the produce with Mr. Godwin, and that was done. And there was, I would think he would agree, ample opportunity, some weeks available for him to comment and consider those directives after they had been worked.

Senator **Bingaman**. I would ask Mr. Godwin to comment on it.

Mr. **Godwin**. I think the issue here is not so much whether the budgeting role of the Under Secretary of Defense for Acquisition should be included in 5000.1. The question is when you took it out of 5000.1, did you go back and change the other directives to reflect what role he did play? And that was not done.

Plus, I think it is an important point that my concern was not with the particular results of the planning process. I had tried on several occasions to define how acquisition would coincide with the planning and budgeting cycle, and these were not accepted. All this says, as we are sitting here, is that no change has been made. We are going to continue doing that particular program the same as we have done in the past.

Senator BINGAMAN. So your position is that there needs to be a directive clarifying what the role of the Acquisition Under Secretary is with regard to the budgeting process.

Mr. GODWIN. Yes.

Senator BINGAMAN. And you made recommendations for specific language to go into such directive, and it has been rejected?

Mr. GODWIN. Not particularly language. We have written a piece which suggested how the acquisition system is now constituted, which is different than it was before, what role they will play in putting the material together which is considered by the DRB.

Senator BINGAMAN. Is there any plan to issue a directive to clarify this and follow up on Mr. Godwin's suggestion?

Mr. TAFT. I do not have before me any specific recommendation for changing the PPBS system with respect to how the Under Secretary of Defense for Acquisition participates in it. I know there has been some thought given to this by Mr. Godwin. We have discussed it in general terms. I have made a lot of changes in the resource allocation system and the PPBS system. Specifically, we are making another one, a very important one, this very month when we are having our first implementation view. We are changing all the time, CINCs' participation, so on and so forth. We are very open to suggestions and have made them in the 4 years that I have been in this job and running the board.

I myself have stated in response to a question what I perceive the Under Secretary of Defense for Acquisition's role in the DRB to be, and I think what I said is it is a major one. From my point of view, that is the way it should be, and I do not have before me any suggestions to change it. But my room number is known.

Senator BINGAMAN. Senator Warner, I believe you are next.

Senator WARNER. I want to tender my apology. I was glad to hear while I was out, you set the record straight regarding your prior Government service. I was focusing on the Department of Defense. We shared that when we had our conversation, and I hope we will have future conversations.

While you might not want to come up and testify, we hope you will come back to give us your best advice as time goes on. I thank you for your appearance today. It has not been an easy one, but I think you have handled it the best you can.

Mr. GODWIN. Thank you.

Senator DIXON. Just a very brief question to Secretary Taft.

It I could review this with you—and it is a little oversimplistic, Mr. Secretary, but I would like it in the record that way so if these disputes come up in the future, we have your responses—I believe you have testified that in your view as a participant in this whole process, the law is clear, this law is clear, and I believe you have testified that you and the administration and the Secretary of Defense and everybody involved with you support it.

Mr. TAFT. This is correct.

Senator DIXON. I believe you have testified essentially—now, I do not want to oversimplify this, but in fairness, my impression of your testimony, we have talked about the baseline stuff, we have talked about the budget stuff and a lot of other things—I believe you said, and we can look at the record, and I cannot remember precisely, but that Under Secretary of Defense for Acquisition should be in the whole process, the acquisition, procurement process.

Mr. TAFT. Yes, sir.

Senator DIXON. I believe you further said—now, this is again a simplistic evaluation, but I believe you said that you admit that there is institutional resistance to this in the Department. It is a huge Department, and there is institutional resistance, is that right?

Mr. TAFT. Yes, sir. I think you are familiar with it.

Senator DIXON. I think that is right. I think we all agree with that.

Now, my final question is, and this is the one that I think may trouble some of us more than anything else because what is done is done, in the future as something to look forward to. Is there anything you believe we should do to help those of you who remain to answer the institutional resistance in a positive way so that the direct authority of this law can be carried out everywhere in the Department, which is to say I think there is some reluctance to go into further legislation on things of that kind. Probably, that could be even counterproductive.

Is there anything we can do here in the Congress to help you to see to it that the future Under Secretary of Defense for Acquisition, should it be Mr. Costello, who I think would be a fine man, that we can support you in seeing to it that the institutional system yields to the intention of the President, the Secretary of Defense, the Deputy Secretary of Defense and the Congress?

Mr. TAFT. I think the immediate task is simply to confirm promptly the nominee. We will continue to watch how the bureaucracy, the services respond. We are undertaking rather significant changes here, and I part company with Dick just to say that I support the changes that have been made. The Secretary is not, and I am not, in favor of the status quo. We have introduced radical changes into the Department. It is not to be expected that these would not be resisted or would be easy. We need to keep at them day after day, and I am sure that task is ahead of us.

But I agree with you, we do not need additional legislative authority, and I think that the regulations essentially track that. We need a man on the job, and we need to give him the support, which we will do.

Chairman NUNN [presiding]. The Senator from Michigan.

Senator LEVIN. Thank you.

Mr. Godwin, first of all in this paragraph E.4. that I asked Mr. Taft about as to how this paragraph got into a directive, the paragraph reads where agreement on acquisition matters cannot be reached between you and a service secretary, the matter shall be presented jointly to the Secretary of Defense for resolution. And it was Mr. Taft's testimony that this came out of your shop, he thought.

Did it?

Mr. GODWIN. I do not know where it originated. We were all involved in putting it together, that is correct.

I had seen it before it was published.

Senator LEVIN. Did you object to it before it was published?

Mr. GODWIN. Early in the game I objected to having it in the directive because I thought it presented a path for people to bypass me when they wanted.

But the point is that since I thought it would be in there anyway, I went along with it because it said if they bypassed me that I would be with them when they did so, as I recall.

Senator LEVIN. It says presented jointly.

Mr. GODWIN. I am not advocating it. I am merely saying it was the best I felt I could do.

Senator LEVIN. It does not comply with law. I am sorry you acquiesced in that time, if you did.

Mr. GODWIN. In retrospect, I am, too. It was all in the spirit of moving on.

Senator LEVIN. In that same spirit, let me ask you about a different paragraph. In the final directive, Directive 5000.1(f)(1)(A)—I do not have the page number—at any rate, it is a question about develop versus establish. I gather there were a number of other changes that were made in this directive on major and nonmajor defense acquisition programs after it left your shop.

Mr. GODWIN. I always have a question where changes occur. That was in the works for perhaps 6 months, and it came and went several times. But the changes that ended up in the directive I was unaware of until I saw it in published form, although I think it was mentioned to me.

Senator LEVIN. Did your office prepare this or draft these directives?

Mr. GODWIN. Initially, yes, I think so.

Senator LEVIN. Do you remember whether, for instance—this is just one of a whole host of items—do you remember whether or not that was established or developed at the time it left your shop?

Mr. GODWIN. Every time I saw it that was the kind of verbiage for which I looked. Again, I am very sensitive to what the job was, and I kept insisting that "established" be included. It kept being watered down, not only in that particular phrase, but in other ways.

Senator LEVIN. I am just talking about this one. We are trying to focus on one specific example to see how things operate. As far as you know, when that left your shop and went up to the Deputy Secretary, the word "established" was there?

Mr. GODWIN. That is my understanding, yes.

Senator LEVIN. You are not familiar with this, Mr. Taft?

Mr. TAFT. I do not recall the word change, no, sir.

Senator LEVIN. Well, you did, on July 30, you sent the USD(A)'s proposed Directive 5000.1 to Mr. Chu.

Mr. TAFT. At some point I certainly did do that, yes, sir.

Senator LEVIN. Major General Buehl works for you, right?

Mr. TAFT. Yes, sir.

Senator LEVIN. Okay, he, in your behalf, says Mr. Taft has reviewed USD(A)'s proposed Directive 5000.1. So you reviewed the directive.

Mr. TAFT. Yes, I did.

Senator LEVIN. OK.

And then General Buehl says he asked Mr. Chu, to prepare an amended version of this draft directive which will reconcile the draft to approved directives extant pertaining to certain other items.

You directed through General Buehl, you directed Mr. Chu to make changes in that directive.

Mr. TAFT. Yes, sir.

Senator LEVIN. And when they came back from Mr. Chu, did you send them to Mr. Godwin for his comments?

Mr. TAFT. I handed them to him.

Senator LEVIN. Did you then comment on those changes, Mr. Godwin?

Mr. GODWIN. Yes, I recall the circumstances completely. I had resigned at that time. I was asked what my view was, and I said under the circumstances I did not feel I could do anything about it.

Senator LEVIN. You handed them to Mr. Godwin prior to sending them to Secretary Weinberger for his approval?

Mr. TAFT. Weeks before. It would have been in July sometime.

Senator LEVIN. Did you sign this or did Secretary Weinberger?

Mr. TAFT. I believe I signed it, but not until—I think the Secretary was in Maine the first week in September.

Senator LEVIN. Do you remember that you handed them to Mr. Godwin for his comment prior to your signing them?

Mr. TAFT. Weeks before, yes.

Senator LEVIN. You did not get any comment back from Mr. Godwin because he resigned at that time, is that it? Is that true? Or did you know Mr. Godwin's feelings about these changes that you made in that directive?

Mr. TAFT. I think there were a number of changes, and some of them were not of difficulty but some may have been. He did not give me back any particular comments, I think it is fair to say.

Senator LEVIN. As far as you know on that one particular item, that was never brought to your attention by Mr. Godwin?

Mr. TAFT. No, I do not believe so.

Mr. GODWIN. Only in the case where it was handed to me, it was over lunch, as a matter of fact. And I said under the circumstances (my resignation), I did not think I was in a position to continue to fight on the subject.

Mr. TAFT. To clarify, Mr. Godwin, while he did not resign until last week, had told the Secretary in July that he was intending to resign. We were operating on that basis.

Senator LEVIN. This seems to be typical of the disconnect, Secretary Taft. I mean, it is just one item. We have got one item here. The directive comes to you, it says "established," which is what the law says. You send it to Mr. Chu who is not even in a position, not even confirmed, as I understand it, by the Senate, a much lower position as I gather it, than Mr. Godwin's. Mr. Chu gives back to you a document which changes the word "established" to "developed."

At that point I would think that your Under Secretary for Acquisition has got to ask himself, wait a minute, I sent out "established." The law says "established." Somehow or another it comes back to me from Secretary Taft with the word "developed." What kind of signal is that? You have told us you are not even familiar, that it is not even a significant issue. Apparently it came from Chu. It has nothing to do with budget. It is not a matter of interface between budget and acquisition. This has to do with the law said "established," his directive which he handed to you a draft said "established," and it comes back to you from him, over lunch or otherwise, "developed." You are not even familiar.

That has got to send a message to your Under Secretary, I would think, whoever the Under Secretary is, that his care in preparing that directive on an item like this, which is significant, is not particularly significant to you.

Now, I am not talking about the budget items here and all that interface. I would hope that you would review that directive, compare the way it came to you from Mr. Godwin to the way you signed it, and identify for us, if you would, those items which were changed based on the budgetary interface issue and the problem that you had that you thought that draft was different from some other directives which you had previously signed.

And I can understand that, by the way. If you would let us know item by item for the record what changes were made by you and why in that directive as it came to you from Mr. Godwin, I think that would help illustrate for us something about that process because I am troubled by it. I am troubled that this did not work the way we expected it would. There is a lot of opposition, we know, to change. We hope that whoever Mr. Godwin's successor is will continue to be an engine for change, and we hope that you and Secretary Weinberger will support changes which are appropriate in the acquisition process.

I am not trying to stir up anything there. This did not work out. Let's get on with the job that has to be done for the taxpayers. But it would be helpful to us, I think, if you would analyze this last directive item by item and see what items were changed and why. That is for the record, not right now.

Mr. TAFT. Senator, I will be glad to do that.

[The information follows:]

EFFECTIVENESS OF LEGISLATION TO ESTABLISH THE POSITION OF USD(A)

But it would be helpful to us, I think, if you would analyze this last directive (DODD 5000.1) item by item and see what items were changed and why.

Mr. TAFT. Most of the changes to DOD Directive 5000.1, "Major and Non-Major Defense Acquisiton Programs," were made to clarify provisions and to make technical or administrative adjustments. There were two changes of substance. First, "Establish" was changed to "Develop" in section F.1.a., as explained in a previous Q&A. Second, section E.3. was revised to indicate that decisions reflected in Acquistion Decision Memorandums and program baselines can be modified without prior approval of the Defense Acquisition Executive (DAE), if such modifications are made during the course of the Planning, Programming, and Budgeting System. This change was made to recognize that acquistion, like other major defense programs and systems, must operate within the parameters of the PPBS. Other changes require the prior approval of the DAE.

Mr. **Taft**. I do want to say, just to cast some light on this particular item you have identified as a change, when I did hand that directive back to Mr. Godwin, I did describe to him one or two things that seemed to me were changed and that were important, and with which I thought he might have some disagreement, particularly the phrase about the PPBS system, and I think the membership and there may have been one or two others. That was not one of them that we discussed.

And it had not occurred to me that it was in that category. We went over the changes a bit, and he heard them.

Mr. **Godwin**. There are several ways of looking at this. This is not a subject which just came up over lunch. It has been going on for some time, and my general comments were as they were before. It is not a question that anybody was against the particular things we were trying to do. It is a question of sliding off or modifying or diluting what was involved. This is one of 50 cases, and in itself it is not serious, but as you indicated before it sends a signal, both that and the General Counsel's opinion—those kinds of things—which essentially say that the Under Secretary of Defense for Acquisition is there, but if you really want to get something settled, I am the man to do it.

I have spent a year trying to make that case clear, that I could not do the job if that was the general impression or the perception held by the entire organization. It was a whole series of little things, not a great conflict between any individual. And, in this particular one, the subject had come up before and reflected an attitude, in my views, as to what the job was. My view was that I did have the job of establishing the policy. In the view of others I did not; the job was more of a staff function.

I resisted it for a year, and when I resigned, it was due to this kind of thing. I thought the job was not doable because it had been diluted through a whole series of steps of that sort. After I had resigned, I did not think I was in a position to go back and fight the battle all over again.

After all, the Deputy Secretary of Defense said he was going to do it this way. I though I had lost my cause.

Chairman **Nunn**. Senator Bingaman.

Senator **Bingaman**. I have no further questions.

Chairman **Nunn**. Do either of you have anything to add?

Mr. **Taft**. Thank you for the opportunity to appear.

Chairman **Nunn**. Mr. Godwin, we appreciate you being here. We know it has not been easy for you. We know the job has not been easy. We know you have a deep sense of dedication for seeing that it is done correctly for the taxpayers and for the Nation.

We would like for you to keep in touch with us. We will be studing this very carefully, and we may have futher questions to ask.

We wish you good luck in your career.

Thank you both.

[Whereupon, at 1:25 p.m., the committee recessed subject to the call of the Chair.]

APPENDIX I

DOD 5000.1/.2/.49 AUDIT TRAIL *

Tab A	Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 3 August 1987, SUBJ: Proposed DoD Directive 5000.49, "Defense Acquisition Board"
Tab B	Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 3 August 1987, SUBJ: Proposed DoD Instruction 5000.2, "Defense Acquisition Program Procedures"
Tab C	Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 9 July 1987, SUBJ: DoDD 5000.1 "Major and Non-Major Defense Acquisition Programs"
Tab D	Old DoDD 5000.1 dated 12 March 1986, Major System Acquisition
Tab E	Draft Charter for Defense Acquisition Board dated 16 March 1987
Tab F	Draft DoDD Directive on Major and Non-Major Defense Acquisition Programs
Tab G	Draft DoD Directive on Major and Non-Major Defense Acquisition Programs dated 7 August 1987
Tab H	New DoDD Directive 5000.1 dated 1 September 1987, Major and Non-Major Defense Acquisition Programs
Tab I	New DoDD Directive 5000.2 dated 1 September 1987, Defense Acquisition Program Procedures

*Submitted by Mr. Godwin on September 29, 1987

Tab A

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

03 AUG 1987

PO/ASM

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: Proposed DoD Directive 5000.49, "Defense Acquisition Board" - ACTION MEMORANDUM

Attached for your approval is the proposed Directive on the Defense Acquisition Board (DAB). It is an accurate portrayal of current responsibilities and authorities and represents your recent decisions on DAB membership. It is an important step in the establishment of the defense acquisition system.

I have attempted to structure a decision-making process that is streamlined and efficient, employing a committee process to identify and resolve as many issues as possible. In this manner, the DAB will meet, subsequent to committee deliberations, to resolve any outstanding issues and make final recommendations to you for decision approval.

I strongly recommend you sign the proposed Directive.

Attachments

Prepared by: Mr. Joseph Ferrara/ASM/x54258

3 August 1987

Proposed Charter
for
Defense Acquisition Board

SUBJECT: Defense Acquisition Board

References: (a) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987
(b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," under revision
(c) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," under revision
(d) DoD Directive 5105.18, "Department of Defense Committee Management Program," March 20, 1984

A. PURPOSE

This charter implements relevant portions of references (a) through (d) and establishes the Defense Acquisition Board (DAB) as a standing operating board with mission, terms of reference, composition, responsibilities and authorities, operating procedures and arrangements as stated below.

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense (DoD). The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; Defense Agencies to include the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities.

C. MISSION

The DAB shall be the primary forum used by DoD Components to provide advice, assistance and recommendations, and to resolve issues regarding all operating and policy aspects of the DoD Acquisition System in support of the oversight responsibilities and functions of the Under Secretary of Defense for Acquisition (USD(A)) in his capacities as the Defense Acquisition Executive (DAE) and Defense Procurement Executive.

D. TERMS OF REFERENCE

Specific tasks to be performed in accomplishing this mission include, but are not limited to:

1. Promoting coordination, cooperation and mutual understanding of all matters related to the DoD Acquisition System, particularly those involving cross-service and Allied management of joint programs, within DoD and between DoD and other Federal Agencies, and with Cooperative Programs with Allied Nations.

2. Approving for implementation policy and procedural initiatives that streamline and improve the efficiency and effectiveness of the DoD Acquisition System.

3. Developing recommendations regarding alternative near- and long-term acquisition strategies, plans and resource levels.

4. Conducting and resolving all matters related to the milestone review process and, as appropriate, the implementation of the Defense Acquisition Executive's decisions.

5. Identifying and resolving issues and concerns, and developing recommendations regarding acquisition policy and guidance matters, actual and projected resource allocation levels, and specific programs during the planning, programming

and budgeting process for action by the DRB and the Secretary of Defense, as appropriate.

6. Identifying issues for study and analysis and assignment of overview by the appropriate elements of operating committees of the DAB.

E. COMPOSITION

1. Chairperson. The Chairperson shall be the USD (A).

2. Membership. In addition to the Chairperson, permanent membership will be restricted to the persons appointed to or serving in the following designated positions:

a. Under Secretary of Defense for Acquisition (Chair)
b. Vice Chairman, Joint Chiefs of Staff
c. Principal Deputy Under Secretary of Defense for Acquisition
d. Service Acquisition Executive, Army
e. Service Acquisition Executive, Navy
f. Service Acquisition Executive, Air Force
g. Assistant Secretary of Defense (Comptroller)
h. Assistant Secretary of Defense (Production & Logistics)
i. Assistant Secretary of Defense (Program Operations)

j. Director of Program Analysis & Evaluation

k. Chairperson of Acquisition Committee, as appropriate

3. Invited Participants/Advisors. Representatives from DoD Components and other Government Agencies not listed above, at the invitation of the Board Chairperson, may participate in Board activities involving matters in which that Component or Agency has a significant interest, or if the Chairperson determines that the presence of the representative is required because of the specific issues being considered.

F. RESPONSIBILITIES AND AUTHORITIES

1. The Board Chairperson is responsible for:

a. Ensuring issues are addressed comprehensively;

b. Resolution of issues by agreement from the involved DoD Component representative(s). In cases where there is not complete agreement, the Board Chairperson as the DAE shall decide on the appropriate implementing action.

2. Board members shall represent the DoD at large, but may present the view of their Components on matters addressed by the Board, and may propose initiatives and issues for consideration.

3. The DAB Chairperson is authorized to establish short term ad hoc working groups and an integrated structure of formally chartered committees to accomplish the DAB mission.

G. OPERATION AND ADMINISTRATION

1. The Board Chairperson shall:

a. Direct and supervise the operations of the Board;

b. Schedule and preside at all Board meetings;

c. Appoint an Executive Secretariat who will provide administrative assistance and support Board operations and proceedings;

d. Ensure agendas and supporting documents that facilitate decisionmaking by the Board are prepared and distributed well in advance of scheduled meetings;

e. Select and appoint via memorandum Committee Chairpersons;

f. Prepare and sign charters for all committees reporting directly to the DAB;

g. Ensure appropriate reports are prepared as well as other documents and records of Board activities.

2. Issues addressed by the Board may be directed by the Secretary of Defense, DRB or the DAE; or be submitted by the Services, JCS, Board members and the supporting committees.

3. The Board shall operate in accordance with the provisions of DoD Directive 5105.18, "Department of Defense Committee Management Program," March 20, 1984.

APPROVED:

Caspar W. Weinberger
Secretary of Defense

Date:______________

Tab B

28(B)

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

PO/ASM

0 3 AUG 1987

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: Proposed DoD Instruction 5000.2, "Defense Acquisition Program Procedures" - ACTION MEMORANDUM

Attached for your review is the proposed Instruction on the defense acquisition process (TAB A). It is an accurate portrayal of current responsibilities and authorities and is comprehensive in its coverage of departmental regulations and legislative requirements affecting the acquisition process.

I have attempted to accommodate the substantive objections of the coordinating officials. You will notice that specific technical nonconcurrences were addressed and corrected. The proposed Instruction has the concurrence of the Military Departments and the Joint Chiefs of Staff.

The list of coordinating officials is at TAB B. For your convenience, I have summarized the substantive comments of the coordinating officials and the actions I took to address these objections at TAB C.

Unless you direct otherwise, I intend to sign this Instruction following your approval of DoD Directive 5000.1.

Attachments

673-2884
Prepared by: Mr. Joseph Ferrara/ASM/~~x54230~~

NOTE: Many of the attachments to this memorandum were not legible. The attachments that follow were reconstructed by the Office of the Secretary of Defense in April 1988.

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

03 AUG 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(ADMINISTRATION)

SUBJECT: Charter for the Assistant Secretary of Defense (Program Operations)

Your memorandum of July 24 indicated that two matters must be resolved before moving ahead with the proposed charter for the Assistant Secretary of Defense (Program Operations), ASD(PO).

- **ASD(PO)/DPA&E Overlapping Responsibilities.** The ASD(PO) is directly responsible to me for assuring that the efforts and activities of the OUSD(A) and the DoD Acquisition System are integrated and directed towards accomplishing my functions and responsibilities as set forth in DoDD 5134.1. Since the ASD(PO) charter is specifically consistent with those responsibilities, I see no need for revision. While the Director of PA&E has some overlapping functions, he is not directly responsible to me, and his analytic responsibilities are Department-wide. In such circumstances, some overlap is appropriate, and the officials concerned, as elsewhere in OSD, will coordinate their management actions to avoid redundancy.

- **Approved Nominations.** You suggest we not proceed with approval of the ASD(PO) charter until the nominations of the DDR&E and ASD(PO) have been approved. I believe it imperative to have this office established regardless of the specific nominees, in order to ensure proper staffing and selection of key career personnel. If we wait for the nomination to be approved, we may not have a published charter until next year.

I believe we should proceed with finalizing the ASD(PO) charter now. This new organization is a critical element essential to fulfilling the requirements of NSDD-219 and DoDD 5134.1.

OFFICE OF THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

PO/ASM

COVER BRIEF

TO: UNDER SECRETARY OF DEFENSE (ACQUISITION)

THRU: ASSISTANT SECRETARY OF DEFENSE (PROGRAM OPERATIONS) 8/3/87

FROM: DASD (ACQUISITION SYSTEMS MANAGEMENT) 3 AUG 1987

SUBJECT: DoD Instruction 5000.2, "Defense Acquisition Program Procedures"

PURPOSE: To forward subject Instruction (TAB A) to SecDef for approval and signature.

DISCUSSION:

- o Subject Instruction sets forth procedures for the acquisition process.
- o Subject Instruction was formally coordinated on 7 May 87 and redistributed on 15 July 87 for comment.
- o Every attempt was made to address specific areas of nonconcurrence.
- o Staff comments on second iteration were generally ~~favorable and the Military Departments and Joint~~ Chiefs of Staff concurred with minor comments.

Looks good

RECOMMENDATION: That you sign attached forwarding memorandum to SecDef.

COORDINATION: Attached (TABs B and C).

Attachments

You may sign this in lieu of forwarding to SECDEF; we've prepared it this way, because letter has been redrafted to indicate you will sign.
Virg S.

Prepared By: Mr. Joseph Ferrara/x54258/3 Aug 87

A0232287

Tab B-1

Department of Defense

INSTRUCTION

September 1, 1987
NUMBER 5000.2

USD(A)

SUBJECT: Defense Acquisition Program Procedures

References:
(a) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986 (hereby canceled)
(b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," September 1, 1987
(c) DoD Directive 5000.49, "Defense Acquisition Board," September 1, 1987
(d) DoD Directive 5000.43, "Acquisition Streamlining," January 15, 1986
(e) through (r), see enclosure 1

A. REISSUANCE AND PURPOSE

1. This Instruction reissues and updates reference (a) to revise procedures for DoD implementation of reference (b).

2. This Instruction sets forth uniform procedures governing major defense acquisition programs and establishes specific requirements and responsibilities for acquiring major defense acquisition programs requiring decision authority by the Secretary of Defense (defined in reference (b) as Defense Acquisition Board (DAB) programs). These procedures should be generally employed for the management of acquisition programs not requiring decision authority by the Secretary of Defense (i.e., Component and non-major defense acquisition programs), as determined by the DoD Component Head, unless a statute prescribes specific compliance as noted in section F. below.

3. DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for providing policies and procedures and managing defense acquisitions, except when statutory requirements override. Any DoD issuance in conflict with reference (b) or this Instruction shall be changed or canceled within 120 days from issuance of this Instruction. Thereafter, conflicts shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

This Instruction applies to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to collectively as "DoD Components").

C. DEFINITIONS

1. Defense Acquisition Board (DAB). The DAB is the senior DoD acquisition review board chaired by the DAE. The Vice Chairman, Joint Chiefs of Staff

(VCJCS) serves as the Vice Chair. The DAB assists the DAE with milestone and program reviews, policy formulation, and acquisition resource recommendations. The DAB is the primary forum for DoD Components to provide advice and assistance concerning acquisition matters through the DAE to the Secretary of Defense. Permanent members of the DAB are identified in DoD Directive 5000.49 (reference (c)).

2. DAB Acquisition Committees. The DAB is supported by 10 acquisition committees that provide assistance in program review and policy formulation. These committees hold pre-DAB meetings to provide advice, assistance, and recommendations to the DAB and to reach consensus on acquisition issues. The missions, responsibilities, and membership of each of these committees are expressed in their respective charters. Enclosure 5 highlights the oversight areas of each committee. The 10 acquisition committees are as follows: Science and Technology; Nuclear Weapons; Strategic Systems; Conventional Systems; Command, Control, Communications, and Intelligence; Test and Evaluation; Production and Logistics; Installation Support and Military Construction; International Programs; and Policy and Initiatives.

3. Operational Effectiveness. The overall degree of mission accomplishment of a system when used by representative personnel in the environment planned or expected for operational employment of the system considering organization, doctrine, tactics, survivability, vulnerability, and threat (including countermeasures, nuclear, and chemical and/or biological threats).

4. Operational Suitability. The degree to which a system can be placed satisfactorily in field use with consideration given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistics supportability, documentation, and training requirements.

D. MILESTONE DESCRIPTIONS

1. Milestone 0 - Program Initiation/Mission-Need Decision.

a. The Milestone 0 decision determines mission-need and approves program initiation and authority to budget for a new major program. Normally, a concept exploration/definition phase follows this approval.

b. Primary considerations during this milestone include: 1) mission area analysis; 2) affordability and life-cycle costs; 3) the ability of a modification to an existing U.S. or Allied system to provide needed capability; and 4) operational utility assessment.

2. Milestone I - Concept Demonstration/Validation Decision.

a. The Milestone I decision approves proceeding with the concept demonstration/validation phase.

b. Primary considerations during this decision include: 1) program alternative trade-offs; 2) performance/cost and schedule trade-offs, including the need for a new development program versus buying or adapting existing U.S. or Allied military or commercial systems; 3) appropriateness of the acquisition strategy; 4) prototyping of the system or selected system components; 5) affordability and life-cycle costs; 6) potential common-use solutions; and 7) cooperative development opportunities.

c. The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and thresholds, allowing the program manager maximum flexibility to develop innovative and cost effective solutions. The principles or acquisition streamlining (DoD Directive 5000.43, reference (d)) and design-to-cost (DoD Directive 4245.3 (reference (e))) should be emphasized during this phase.

3. Milestone II - Full-Scale Development Decision.

a. The Milestone II decision approves proceeding with the full-scale development (FSD) phase. As appropriate, low-rate initial production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II Committee review shall occur before the release of the final Request for Proposals (RFP) for the FSD contract. The DAB review shall occur before the award of the FSD contract.

b. Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved system and its operational suitability and effectiveness; 2) program risk versus benefit of added military capability; 3) planning for the transition from development to production, which will include independent producibility assessments (hardware/software/data bases); 4) realistic industry surge and mobilization capacity; 5) factors that impact program stability; 6) potential common-use solutions; 7) results from prototyping and demonstration/validation; 8) milestone authorization; 9) manpower, personnel, training and safety assessments; 10) procurement strategy appropriate to program cost and risk assessments; 11) plans for integrated logistics support (DoD Directive 5000.39 (reference (f))); and 12) affordability and life-cycle costs; and 13) associated command, control, communications, and intelligence requirements, including communications security.

c. The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the program baseline agreement between the DAE, the Service Acquisition Executive (SAE), the Program Executive Officer (PEO), and the Program Manager (PM). The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoD Directive 4245.7 (reference (g))).

4. Milestone III - Full Rate Production Decision.

a. The Milestone III decision approves proceeding with the full-rate production/deployment phase or construction. If the magnitude of the program is sufficiently large and/or the time between the beginning of low-rate initial production and full rate production is significantly long, there may be a need for a Program Review or a Milestone IIIA before the Milestone III decision point.

b. Primary considerations in the DAB's deliberations are: 1) results of completed operational test and evaluation; 2) threat validation; 3) production or construction cost verification; 4) affordability and life-cycle costs; 5) the production and deployment schedule; 6) reliability, maintainability and plans for integrated logistics support (DoD Directive 5000.39 (reference (f))); 7) producibility as verified by an independent assessment (DoD Directive 5000.38 (reference (h))); 8) realistic industry surge and mobilization capacity; 9) multiyear procurement or milestone authorization; 10) manpower, personnel, training and safety requirements; 11) cost-effectiveness or plans for competition or dual sourcing; and 12) associated command, control, communications, and intelligence requirements, including communications security.

5. Milestone IV - Logistics Readiness and Support Review.

a. The Milestone IV decision identifies actions and resources needed to ensure that operational readiness and support objectives are achieved and maintained for the first several years of the operational support phase. The Milestone IV review will normally occur 1 to 2 years after initial deployment.

b. Primary considerations in the DAB's deliberations are: 1) logistics readiness and sustainability (peacetime and wartime); 2) weapon support objectives; 3) the implementation of integrated logistics support plans, per (DoD Directive 5000.39 (reference (f))); 4) the capability of logistics activities (i.e. supply, transportation, etc.), facilities, and training and manpower to provide support efficiently and cost-effectively; 5) disposition of displaced equipment; and 6) affordability and life-cycle costs.

6. Milestone V - Major Upgrade or System Replacement Decision.

a. The Milestone V decision encompasses a review of a system's or facility's current state or operational effectiveness, suitability, and readiness to determine whether major upgrades are necessary or deficiencies warrant consideration of replacement. This milestone decision normally will occur 5 to 10 years after initial deployment.

b. Primary considerations in the DAB's deliberations are: 1) capability of the system or facility to continue to meet its original or evolved mission requirements; 2) the potential necessity of modifications and upgrades to ensure that mission requirements are met and that the useful life is extended; 3) changes in threat that require increased capability or utility; and 4) changes in technology that present the opportunity for a significant breakthrough in system worth; and 5) disposition of displaced equipment. A significant question to be decided at this point is whether deficiencies are critical enough to warrant major modification, retirement, and/or new start considerations.

E. PROCEDURES

1. Major Defense Acquisition Program Designation. The criteria for designation of certain acquisition programs as either DAB or Component programs are set forth in DoD Directive 5000.1 (reference (b)). The Defense Acquisition Board (DAB) Executive Secretary, with the advice of the cognizant Committee chair, may recommend candidate programs to the DAE at any point in the acquisition process.

2. Major Defense Acquisition Program Listings. The DAB Executive Secretary shall prepare, maintain, and distribute for the DAE a list of currently designated DAB and Component major defense acquisition programs at least quarterly. This list shall also identify the cognizant DAB acquisition committee for each DAB program.

3. DAB Milestone and Program Reviews. The DAB chair will normally convene formal reviews at Milestones 0 through V. If the program baseline is breached, the DAE shall decide whether or not a program review will be required. The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when the members of the DAB agree that there are no significant issues. A written justification statement shall be submitted by the DoD Component to the DAB Executive Secretary in the event that a scheduled DAB Milestone review is delayed by more than 90 days.

4. Pre-DAB Activity.

a. Milestone Planning Meeting. An informal milestone planning meeting to identify program issues shall normally be held by the cognizant committee chair, or his or her designee, before Component submission of draft documentation. The chair should ensure the participation of members of other acquisition committees having an interest in the program.

b. Draft Program Documentation. Required draft documentation shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair 3 months before a DAB Committee review. The OSD action officer shall ensure that copies are made available to DAB members and appropriate DAB Committee members. The DAB chair shall transmit formal comments to the DoD Component 2 months before the scheduled DAB meeting. Every effort shall be made through the committee process to reach consensus on issues before the DAB meeting. Committee reviews shall be scheduled a reasonable time in advance of the DAB meeting so that any necessary actions can be completed before DAB deliberations.

c. Final Documentation Update. A final update shall be submitted by the DoD Component to the DAB chair and cognizant committee chair 3 weeks before a scheduled DAB meeting.

d. Component Staff Briefings. The chair of the cognizant DAB acquisition committee is responsible for identifying and reaching consensus on issues, developing recommendations, and highlighting significant program issues to be addressed during DAB deliberations. In support of this, Component staff briefings shall be provided not later than 3 weeks before a DAB Committee meeting, as follows: 1) on the overall program status to the cognizant DAB Committee action officer; 2) on the program baseline and independent cost estimate to the OSD Cost Analysis Improvement Group (CAIG); 3) on test activity results and plans to the Director, Operational Test and Evaluation (DOT&E) and the Deputy Under Secretary of Defense (Test and Evaluation) (DUSD(T&E)); 4) on acquisition strategy and transition from development to production or construction planning to the Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)); 5) on readiness and support planning to include reliability and maintainability progress to the Director, Weapons Support Improvement Group (DWSIG); 6) on manpower to ASD(FM&P) and 7) on the intelligence estimate used by the Military Services to define the threat to the Director, Defense Intelligence Agency (DIA) for DIA use in validating the threat (see DIA Regulation 55-3 for procedures (reference (i)). If requested by the cognizant Committee chair, additional briefings shall be conducted on specified subjects, such as chemical or nuclear survivability and endurance. The Components shall cooperate and work closely with their OSD staff counterparts to ensure an effective flow of information.

5. DAB Meetings. The DAB Executive Secretary, in concert with the cognizant committee chair, shall present the committee's report and discuss the unresolved issues. DAB members are responsible for participating in these issue discussions and providing any additional information relevant to the matter being discussed. Following these presentations, the DAB members will develop and present recommended findings to the DAE. The DAE shall present the recommendations of the DAB to the Secretary of Defense for decision approval before the formal issuance of the Acquisition Decision Memorandum (ADM).

6. Post-DAB Activity-Acquisition Decision Memorandum (ADM). The ADM shall be issued promptly to the Head of the DoD Component following the DAB meeting. The ADM documents the Secretary of Defense milestone decision, including approval of: 1) goals and thresholds for cost, schedule, performance, and readiness and supportability; 2) exceptions to the normal acquisition process; and 3) other appropriate direction. The ADM may also be used to document a Secretary of Defense decision on a joint service or OSD and OJCS Mission-Need Statement.

a. The DAE shall issue the ADM and execute the decision through the Head of the appropriate DoD Component. The DAB Executive Secretary will prepare and coordinate the ADM to reflect approved goals and thresholds. Updated program direction resulting from program baseline breaches shall be provided by an amended ADM, if the DAE decides that a DAB review is warranted.

b. Programming and budgeting decisions that may invalidate a Milestone decision or other ADM direction, or breach an approved Milestone II or III program baseline shall be immediately highlighted by DoD Component heads to the DAE for explicit consideration of the impact on military capability and total acquisition resource requirements. In addition, the DoD Component Heads shall explain and justify to the DAE differences in quantity and funding between the program baselines and the program or budget under review (see section F. below, for further discussion of baseline procedures).

F. PROGRAM DOCUMENTATION

Program documentation for DAB programs shall be in accordance with the procedures below and in the format prescribed in the enclosures to this Instruction. Data elements shall be standardized in accordance with DoD Directive 5000.11 (reference (j)) and DoD 5000.12-M (reference (k)).

1. Milestone 0 - Mission-Need Statement (MNS).

New major acquisitions are considered concurrent with the OSD Program Objective Memorandum (POM) review on the basis or justifications provided by DoD Components. A MNS document is required when the new major defense acquisition program is expected to meet the dollar threshold criteria in DoD Directive 5000.1 (reference (b)). The MNS shall be submitted to the DAE with or before the POM submission in which funds are requested for a new major defense acquisition program. The results of the Mission Area Analysis required by DoD Directive 5000.1 (reference (b)) shall provide the basis for documenting the mission need. The DAE will approve the issuance of a program element number for the new major defense acquisition program in coordination with the Assistant Secretary of Defense (Comptroller) (ASD(C)). See enclosure 2 for the MNS format.

2. Milestones 0 Through V - Cooperative Opportunities Document.

At each milestone decision point, a cooperative opportunities document will be prepared for submission with the Mission-Need Statement, System Concept Paper, or Decision Coordinating Paper (see enclosure 4). This document will examine the possibilities for cooperation with Allied nations regarding the acquisition of the defense program and assess the advantages and disadvantages of a cooperative approach under 10 U.S.C. 2407 (reference (l)).

3. Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP).

The SCP is used to summarize the results or the concept exploration/definition phase; to describe the DoD Component's acquisition strategy, including identification of the best concepts to be carried into the concept demonstration/validation phase for further development, and reasons for elimination of alternative concepts; and to establish broad program cost, schedule, and operational effectiveness and suitability goals and thresholds to be met and reviewed at the next milestone (see enclosure 4 for SCP format). The purpose and content of the TEMP is described in DoD Directive 5000.3 (reference (m)).

4. Milestone I - Competitive Prototyping Strategy (CPS).

During the development of all major defense acquisition programs, CPS should be used, if practicable. A CPS is defined as a strategy that requires that contracts be entered into with not less than two contractors, using the same combat performance requirements, for the competitive design and manufacture of a prototype system or subsystem for developmental test and evaluation. In addition, a CPS requires that all systems so developed be tested in a comparative side-by-side test. No document is required if a CPS is planned. If a CPS is not planned, the Secretary of Defense must submit written notification and a report to the Congress detailing why a CPS would not be practicable (10 U.S.C. 2365 (reference (n)). This notification shall be prepared by the Component and submitted to the Secretary of Defense through the DAB.

5. Milestones I and II - Cost and Operational Effectiveness Analysis (COEA) Report.

A Cost and Operational Effectiveness Analysis report for all DAB programs shall be provided to the DAB, along with SCP or DCP, to support Milestone I and Milestone II. The COEA report shall assess the operational effectiveness and suitability of proposed concepts in the context of the specific tasks addressed in the DoD Component's mission area analysis.

Alternative approaches, and the cost-effectiveness of the recommended approach, should be specifically considered. In the case of cooperative projects, the full costs of the proposed Memoranda of Understanding (MOUs) shall be included in the COEA report.

6. Milestone I and II - Common-Use Alternatives Statement.

During DAB review of Service-unique programs, the SAE must provide to the DAE a statement and supporting analysis regarding the feasibility of common-use alternative systems. This information, along with an independent assessment of the SAE's statement and supporting analysis by the OJCS, shall be considered by the DAE when making a recommendation to the Secretary of Defense.

7. Milestones I Through IV - Program Baseline.

The program baseline (further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (o)) is a formal agreement between the DAE, the SAE, the PEO, and the PM that briefly summarizes the program's functional specifications, cost, schedule, and operational effectiveness and suitability requirements, and other factors critical to the program's success. Except for changes made in the course of the Planning, Programming and Budgeting System, changes to this agreement require the approval of the DAE. A development baseline is established at Milestone II and a production baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the program baseline, the PM is given full authority to manage the program.

When a baseline breach (as defined in reference (o)) is anticipated for a development or production baseline, the PM shall submit a deviation report through the SAE to the Head of Component. The Head of Component shall then establish a review panel to review the deviation and shall submit a report to the DAE within 45 days.

The MNS shall serve as the program baseline at Milestone 0 for the concept exploration/definition phase. Annex B or the SCP shall be attached to the ADM and becomes the program baseline at Milestone I for the concept demonstration/validation phase. The production baseline established at Milestone III shall be updated to serve as the baseline for Milestones IV and V.

8. Milestones 0 Through V - Independent Cost Estimates (Component and OSD Cost Analysis Improvement Group).

For all major defense acquisition programs, the OSD CAIG will review the program office life-cycle cost estimate (Milestones I through V) and the Component independent life-cycle cost estimate (Milestones 0 through V). In addition, the CAIG will prepare its own independent cost estimate (ICE). The results of the CAIG review, as considered in the DAB process, will be used to satisfy the requirements of 10 U.S.C. 2434 (reference (p)).

9. Milestone II - Decision Coordinating Paper (DCP)/Updated TEMP.

The DCP is used to summarize the results of the concept demonstration/validation phase; to identify program alternatives; and to establish explicit program cost, schedule, operational effectiveness and suitability goals and thresholds. (See enclosure 4 for DCP format) The TEMP is updated in preparation for Milestone II.

10. Milestones II and III - Manpower Estimate Report.

The Manpower Estimate Report is an estimate of the total number of personnel (military, civilian, and contractor) required to operate, maintain, support, and train for the program upon full operational deployment. The report must also address any increases in personnel end strengths required for full operational deployment and deployment options in the event such increases are not authorized. This report must be provided by the Component and reviewed by the Assistant Secretary of Defense (Force Management & Personnel) (ASD(FM&P)), as part of the DAB process, before submittal by the Secretary of Defense to the Senate and House of Representatives Armed Services Committees at least 90 days in advance of Secretary of Defense approval at Milestones II and III for all major defense acquisition programs under 10 U.S.C. 2434 (reference (p)).

11. Milestones II and III - Acquisition Strategy Report (Competitive Alternative Sources).

The Acquisition Strategy Report describes the major defense acquisition program strategy that provides for the availability of competitive alternative sources throughout the period from the beginning of full-scale development through the end of production. For all major defense acquisition programs, this report must be provided by the Component and reviewed by the DAB prior to submittal to the Secretary of Defense by the DAE. Submittal must occur not later than the date of submission of the President's budget for the fiscal year in which the initial request is made for appropriations for FSD or production, whichever is the earlier. The Secretary of Defense must be notified of revisions to the report and the revision cannot be implemented until 60 days after the Secretary has received the revision (10 U.S.C. 2438 (reference (p))).

12. Milestone III - Beyond-Low Rate Initial Production (LRIP) Report.

The Beyond-LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat prepared by the DOT&E. This report must be provided by the DOT&E to the Secretary of Defense, Under Secretary of Defense for Acquisition, and the Senate and House of Representatives Committees on Armed Services and Appropriations before the ADM may be signed documenting approval to proceed beyond LRIP for all major defense acquisition programs (DoD Directive 5000.3 (reference (m))).

13. Milestone III - Updated Decision Coordinating Paper (DCP)/Updated TEMP.

In preparation for Milestone III, the DCP is updated to describe program changes since Milestone II and to propose goal and threshold revisions, if appropriate. The TEMP is also updated in preparation for a Milestone III.

14. Milestones IV and V - Updated Decision Coordinating Paper (DCP)/Updated TEMP/Updated Production Baseline.

In preparation for Milestones IV and V, the DCP, the TEMP, and the production baseline are updated to describe program status, changes, and issues.

G. RESPONSIBILITIES

1. DAB Executive Secretary. Designated by the DAB chair, the DAB Executive Secretary shall:

a. Identify, for DAE approval, programs to be designated as DAB and Component programs; schedule reviews; and maintain and distribute, at least quarterly, status reports concerning DAB actions;

b. Make administrative arrangements for meetings and control attendance in DAB reviews;

c. Staff and coordinate the MNS;

d. Assure final list of DAB issues is forwarded to the appropriate SAEs following the Acquisition Committee pre-DAB review session;

e. Present the Acquisition Committees' reports to the DAB, in concert with the cognizant committee chairs, and discuss any unresolved issues;

f. Prepare and coordinate the ADM with DAB principals;

g. Document DAB recommendations to the Secretary of Defense and prepare final ADM to the Services for DAE signature; and

h. Maintain a central reference file for current program documentation.

2. OSD Action Officers. The DAB Committee chairs shall appoint action officers to be the lead staff officials in the DAB process for each Category A major defense acquisition program. The Component's acquisition staff shall support the OSD action officer in the performance of the following duties outlined below. The OSD Action Officer shall:

a. Coordinate DAB issues and DoD Component positions;

b. Conduct planning meetings, when designated by the committee chair;

c. Process, as appropriate, the SCP and DCP;

d. Process the program baseline agreement;

e. Ensure that all staff reports are compiled and distributed in preparation for DAB Acquisition Committee reviews;

f. Ensure that comments and recommendations from all OSD offices on DAB and program review-related documents are integrated into one coherent set of views and issues; and

g. Develop the Committee findings for presentation to the DAB.

H. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. DoD Components shall forward one copy of implementing documents to the Under Secretary of Defense for Acquisition within 120 days.

William H. Taft

WILLIAM H. TAFT, IV
Deputy Secretary of Defense

Enclosures - 5
1. References
2. Additional References (Not Cited in Document)
3. Mission-Need Statement (MNS) Format
4. System Concept Paper (SCP) and Decision Coordinating Paper (DCP) Formats
5. DAB Acquisition Committee Chart

REFERENCES (continued)

(e) DoD Directive 4245.3, "Design to Cost," April 6, 1983
(f) DoD Directive 5000.39, "Acquisition and Management of Integrated Logistic Support for Systems and Equipment," November 17, 1983
(g) DoD Directive 4245.7, "Transition from Development to Production," January 19, 1984
(h) DoD Directive 5000.38, "Production Readiness Reviews," January 24, 1979
(i) Defense Intelligence Agency (DIA) Regulation 55-3, "Threat Support for Major System Acquisition," December 6, 1983
(j) DoD Directive 5000.11, "Data Elements and Data Codes Standardization Program," December 7, 1964
(k) DoD 5000.12-M, "DoD Manual for Standard Data Elements," October 1986, authorized by DoD Directive 5000.12, April 27, 1965
(l) Title 10, United States Code, Section 2407, "Acquisition of Defense Equipment Under Cooperative Projects"
(m) DoD Directive 5000.3 "Test and Evaluation," March 12, 1986
(n) Title 10, United States Code, Section 2365, "Competitive Prototype Strategy Requirements"
(o) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986.
(p) Title 10, United States Code, Chapter 144, "Major Defense Acquisition Programs," Sections 2430-38
(q) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
(r) DoD Directive 4120.18, "Metric System of Measurement," January 28, 1980

ADDITIONAL REFERENCES

The following references, while not specifically referred to in this Instruction, represent DoD policy on many facets of the acquisition system and are included here for the sake of completeness.

(s) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(t) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
(u) DoD Directive 4245.6, "Defense Production Management," January 19, 1984
(v) DoD Directive 4005.1, "Industrial Preparedness Program," November 26, 1985
(w) DoD Directive 2010.6, "Standardization and Interoperability of Weapons Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(x) DoD Directive 5000.37, "Acquisition and Distribution of Commercial Products (ADCP)," September 29, 1978
(y) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979
(z) DoD Directive 4120.19, "DoD Parts Control Program," October 30, 1985
(aa) DoD Directive 4155.1, "Quality Program," August 10, 1978
(bb) DoD Directive 5000.40, "Reliability and Maintainability," July 8, 1980
(cc) DoD Directive 3224.1, "Engineering for Transportability," November 29, 1977
(dd) DoD Instruction 5000.36, "System Safety Engineering and Management," April 14, 1986
(ee) DoD Directive 3224.3, "Physical Security Equipment: Assignment of Responsibility for Research, Engineering, Procurement, Installation, and Maintenance," December 1, 1976
(ff) DoD Instruction 4245.4, "Acquisition of Nuclear-Survivable Systems," September 2, 1983
(gg) DoD Directive 5160.65, "Single Manager for Conventional Ammunition," November 17, 1981
(hh) DoD Instruction 4200.15, "Manufacturing Technology Program," May 24, 1985
(ii) DoD Directive 5000.29, "Management of Computer Resources in Major Defense Systems," April 26, 1976
(jj) DoD Directive 7750.5, "Management and Control or Information Requirements," August 7, 1986
(kk) DoD Instruction 5010.12, "Management of Technical Data," December 5, 1968
(ll) DoD 5000.19-L, VOL II, "Acquisition Management Systems and Data Requirements Control List," October 1985, authorized by DoD Directive 5000.19, March 12, 1976
(mm) DoD 4140.43, "Department of Defense Liquid Hydrocarbon Fuel Policy for Equipment Design, Operation and Logistics Support," December 5, 1975
(nn) DoD Directive 6050.1, "Environmental Effects in the United States of DoD Actions," July 30, 1979
(oo) DoD 7920.1, "Life Cycle Management of Automated Information Systems (AIS)," October 17, 1978
(pp) DoD Instruction 7000.3, "Selected Acquisition Reports," June 22, 1987
(qq) DoD Directive 7000.2, "Performance Measurement for Selected Acquisitions," June 10, 1977

(rr) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definitions," August 15, 1977
(ss) DoD Directive 5010.19, "Configuration Management," May 1, 1979
(tt) DoD Instruction 7220.32, "Defense Acquisition Executive Summary," March 28, 1984
(uu) DoD Directive 5105.40, "Defense Mapping Agency (DMA)," April 23, 1986
(vv) DoD Directive 4650.1, "Management and Use of the Radio Frequency Spectrum," June 24, 1987
(ww) DoD Instruction 5000.23, "System Acquisition Management Careers," December 9, 1986
(xx) DoD Directive 5025.1, "Department of Defense Directives System," October 16, 1980
(yy) DoD Instruction 7220.31, "Unit Cost Reports," January 17, 1986
(zz) Defense Acquisition Circular 76-43 to the 1976 edition of the Defense Acquisition Regulation (Armed Services Procurement Regulation)

MISSION-NEED STATEMENT (MNS) FORMAT

Prepare MNS in format shown below. Do not exceed three pages. Identify any supporting documentation.

1. Defense Guidance Element. Identify the element of Defense Guidance to which the acquisition responds.

2. Mission and Threat. Identify the OUSD(A) mission area (numbers and title) and describe the mission area need. Also identify the related Defense Guidance mission area (numbers and title). Discuss the DIA-validated projected threat and the shortfalls of existing systems or facilities in meeting the threat. Comment on the timing of the need and the general priority of this acquisition relative to others in this mission area.

3. Alternative Concepts. Describe known alternatives that will be considered during the concept exploration/definition phase (including use of an existing U.S. or allied military or commercial system or product improvements of an existing system).

4. Cooperative Opportunities Document. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one or the Allied nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one or the other Allied nations.

5. Technology Involved. For known alternatives, discuss maturity of the technology planned for the selected acquisition design and manufacturing processes, with particular emphasis on remaining areas of risk. Discuss projected sustained industrial support for the planned baseline technology and the projected need for off-shore production and technology support. Discuss system and subsystem prototyping considerations.

6. Funding Implications. Discuss affordability, including the level or funding the Component is willing to commit to satisfy the need and whether this level will fully fund the program over the approved Defense Five-Year Defense Program (FYDP).

7. Constraints. Describe, as applicable, key boundary conditions for satisfying the need, such as reliability, maintainability, and survivability; logistics support, mapping, charting and geodesy support, manpower, personnel, training, and safety constraints; computer resources; standardization or interoperability within NATO or other DoD Components; and critical materials and industrial base considerations. Provide justification for any proposed nonuse of the metric measurement system (DoD Directive 4120.18 (reference (r))).

8. Acquisition Strategy. Provide a summary of salient elements of proposed acquisition strategy, such as program structure, competition, contracting approach, and acquisition streamlining.

SYSTEM CONCEPT PAPER (SCP) AND DECISION COORDINATING PAPER (DCP) FORMATS

Prepare SCP (for Milestone 1) and DCP (for Milestones II, III, IV and V) in format shown below. Do not exceed 12 pages for SCP and 18 pages for DCP, excluding the annexes. Use the additional length of the DCP primarily for expanded sections 7 through 9. Identify any supporting documentation.

1. Brief Description of the Acquisition. One short paragraph.

2. History. Summarize any previous guidance, decisions, and congressional actions.

3. Mission Area and Role. Describe how the program supports the identified OUSD(A) mission area in both broad and specific terms. Refer to Defense Guidance, if appropriate.

4. Threat Assessment. Describe DIA-validated threat, emphasizing interactive effects of the acquisition and the threat.

5. Shortfalls of Existing Systems. Describe inadequacies of existing systems or facilities.

6. Alternatives Considered. Identify all alternatives considered, including joint-Service common-use alternatives and the potential for single Service funding for joint efforts. Discuss rejected alternatives and reasons for their nonselection. If a new acquisition is proposed, discuss why use of an existing U.S. or allied military or commercial system or product improvement of an existing system was not selected.

7. Cooperative Opportunities Document. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one of the nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one or the Allied nations.

8. Description of Selected Alternative. Describe the acquisition in more detail than in subsection 6, above. Define the operational concept. Discuss commonality and how the preferred alternative avoids duplication with other systems. Discuss survivability (including nuclear) and standardization. Verify that the acquisition is justified in terms of program cost versus military worth of new or improved capability. Discuss readiness; sustainability; completeness or mapping, charting, and geodetic data bases and unique impacts and/or transformation requirements, manpower economy; manpower, personnel, training, and safety planning; and how they are to be achieved. If applicable, discuss electro-magnetic spectrum availability, and for Milestones II and III, host-nation spectrum availability and coordination. Do not duplicate from annexes.

9. Technological Risks of Selected Alternative. For Milestone I (SCP), identify key areas of technological and manufacturing producibility risk that must be reduced by R&D and validated by test and evaluation before Milestone II. Discuss system and subsystem prototyping considerations. For Milestone II (DCP), discuss test and evaluation results that show all significant risk areas have been resolved. Also for Milestone II, discuss the extent to which technology is in-hand and only engineering (rather than experimental) efforts remain. Discuss which components and quantities might be considered for low rate initial production (LRIP). For Milestone III (DCP), discuss operational test and evaluation results that demonstrate that the system is ready to proceed to full rate production.

10. Acquisition Strategy. Discuss general strategy for the entire program, and detailed strategy for proceeding to the next milestone. Emphasize program structure. Address specifically competition, contracting, and acquisition streamlining for all phases. Discuss planning for LRIP. Outline production planning to ensure an industrial base response that will support efficient manufacture and provide surge capacity, when appropriate. At Milestone II, verify that future cost and schedule are defined in detail and credible. At Milestone III, verify the credibility of production cost and appropriateness of the production/deployment schedule. Discuss program cost control measures. Discuss the appropriateness of multi-year procurement funding. At Milestones I-III, discuss whether the program should be a Defense Enterprise Program and a milestone authorization program. Do not duplicate from annexes. Indicate those DoD Directives, DoD Instructions, and management principles in enclosure 1 that will not be applied to the proposed system.

11. Known Issues. Discuss issues identified by the Military Services and by the DAB chair.

12. Decisions Needed. Summarize necessary decisions.

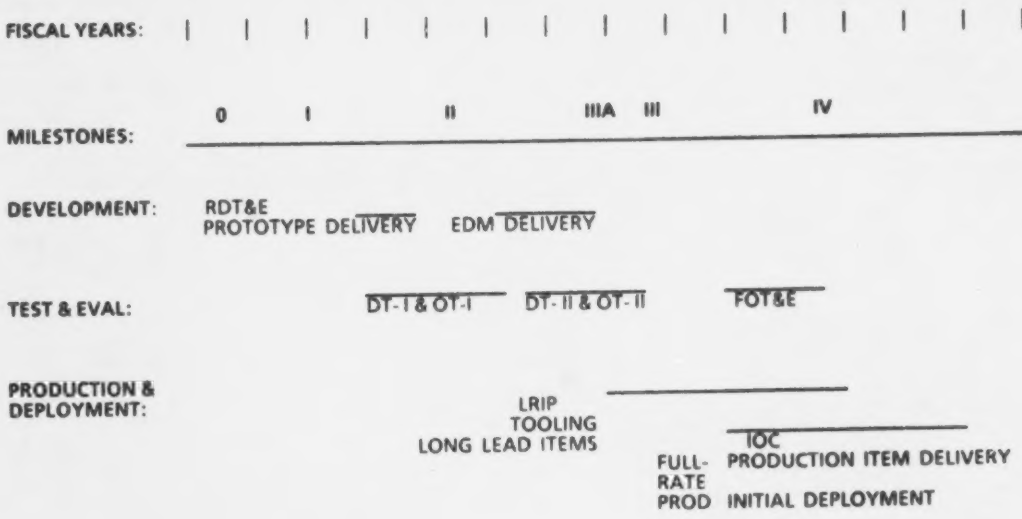
ANNEXES TO SCP AND DCP

Attachments - 5

1. Annex A: Program Structure Example
2. Annex B: Program Goals and Thresholds
3. Annex C: Program Resources - Cost Track Summary
4. Annex D: Program Resources - Funding Profile
5. Annex E: Summary of Life-Cycle Cost of Program Alternatives

ANNEX A: PROGRAM STRUCTURE EXAMPLE

Note: The schematic below is an example only and should not be construed as the only acceptable program structure to be followed rigidly. See DoD Directive 5000.1 (reference (b)) policy concerning tailoring of acquisition phases/milestones and acquisition strategy for major defense acquisition programs.


FISCAL YEARS:
MILESTONES:
0
I
II
IIIA
III
IV
V
DEVELOPMENT:
RDT&E
PROTOTYPE DELIVERY
EDM DELIVERY
TEST & EVAL:
DT-I & OT-I
DT-II & OT-II
FOT&E
PRODUCTION & DEPLOYMENT:
LRIP
TOOLING
LONG LEAD ITEMS
FULL-RATE PROD
IOC
PRODUCTION ITEM DELIVERY
INITIAL DEPLOYMENT

EDM: Engineering Development Model
DT: Developmental Testing
OT: Operational Testing
IOC: Initial Operational Capability
FOT&E: Follow-On Operational Testing & Evaluation

ANNEX B: PROGRAM GOALS AND THRESHOLDS[1]

As Of Date:_________	MILESTONE I[2]		MILESTONE II[2]		MILESTONE III[2]		MILESTONE IV[2]		MILESTONE V[2]	
	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD
COST(Constant FYXX Base Year $)[3]										
Total RDT&E										
Total Procurement										
Avg Unit Flyaway (Cum Qty[3]) (or Nth Unit Flyaway[3])										
Avg Unit Procurement (Cum Qty[3]) (or Nth Unit Procurement[3])										
SCHEDULE (Dates)										
Milestone II										
Milestone III										
IOC (or FUE) (IOC = Initial Operational Capability; FUE = First Unit Equipped)										
PERFORMANCE[4]										
Technical[5]										
Speed										
Maximum Range										
Rate-of-fire										
Operational[5]										
Hit Probability										
Kill Probability										
READINESS/SUPPORTABILITY[4]										
Technical[5]										
Reliability										
Transportability										
Operational[5]										
Reliability (Field)										
Maintainability										
Operational Availability										
Sortie Rate										
Manning										
INDUSTRIAL BASE										
Leadtime to Produce										
Production Buildup Rate										
Production Rate										
Surge Rate										

---

[1] Include goal and/or threshold ranges or variances, when appropriate.

[2] Enter approved program data for prior milestones. Enter proposed data for milestone at hand. (This is last column requiring data entry). Include columns for any additional milestones not shown above (e.g. IIIA, IIIB, etc).

[3] Use terms & definitions per DoD Instruction 5000.33 (reference (rr)). Enter cumulative quantity if an average unit cost goal is established for a cumulative number of units, or "Nth" unit number if an incremental unit cost goal is established as of a specific unit. Use either method or both if desirable and use a quantity produced early in program.

[4] Select performance and readiness/supportability parameters appropriate to program (these are examples only).

[5] At Milestones II and III, technical goals and thresholds will be verified by Developmental T&E and Operational goals and thresholds will be verified by Operational T&E.

ANNEX C: PROGRAM RESOURCES - COST TRACK SUMMARY[1]

(Dollars in Millions)

As Of Date:________	Constant FYXX Base Year $			Escalated[4] $
	(Date and Basis)[2] Initial Planning Estimate[2]	(Date)[3] ADM Estimate[3]	Current Estimate[4]	Current Estimate[4]
DEVELOPMENT PHASE	( )[6]	( )[6]	( )[6]	( )[6]
RDT&E (By Program Element)				
Concept Exploration/Definition Phase				
Concept Demo/Validation Phase				
Full-Scale Development Phase				
Test Vehicle Development				
Test Vehicle Production				
Systems Test & Evaluation				
Other Development Costs				
Contingency/Risk Factor				
Total RDT&E				
MILCON				
O&M[5]				
MILPERS[5]				
Total Development Phase				
PRODUCTION PHASE				
PROCUREMENT				
System Cost[7]	( )[6]	( )[6]	( )[6]	( )[6]
Flyaway Cost				
(Provide one level of WBS indenture based on program requirements)				
Other System Costs				
Initial Spares				
Other line item procurement[8]				
Total Procurement				
MILCON				
O&M[5]				
MILPERS[5]				
Total Production Phase				

ANNEX C: PROGRAM RESOURCES - COST TRACK SUMMARY[1] (Continued)

(Dollars in Millions)

	Constant FYXX Base Year $			Escalated[4] $
	(Date and Basis)[2] Initial Planning Estimate[2]	(Date)[3] ADM Estimate[3]	Current Estimate[4]	Current Estimate[4]
TOTAL OPERATIONS & SUPPORT PHASE				
TOTAL XX-YR LIFE-CYCLE ESTIMATE				
AVERAGE ANNUAL SYSTEM O&S COSTS				
No. of Systems: No. of Years:				
MANPOWER				
Military Manpower				
Unit Manning				
Program Totals (Active/Reserve)				
Civilian Manpower				

---

1 Apply footnotes as required to explain the summary. Adjustments to format are authorized to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be in accordance with DoD Instruction 5000.33 (reference (rr)).

2 Identify date and basis (MNS or otherwise) for initial planning estimate.

3 Identify date of previous Acquisition Decision Memorandum (ADM). Add columns as necessary for each successive ADM.

4 Show the preferred alternative current estimate in both constant (base year) and escalated (then year) dollar columns. Use current FYDP rates and ground rules for the escalated estimate.

5 Include other life-cycle related costs (such as installation, project manager office, and civilian salaries) funded by O&M and MILPERS appropriations during development or production phases.

6 Enter development and production quantity, as appropriate.

7 System cost is equal to weapon system cost as defined in reference (rr).

8 Enter industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name (or program element and name) under which funding is required and the amount in each.

NOTE: Use footnotes to explain reasons for significant variations in estimate (such as, schedule slippage, congressional funding changes, OSD-directed program change, etc).

ANNEX D: PROGRAM RESOURCES - FUNDING PROFILE[1,2]

(Dollars in Millions)

As Of Date:__________

	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
ACQUISITION QUANTITIES[3]								
Development Qty: Funded								
Delivered								
Production Qty: Funded								
Delivered								
DEVELOPMENT PHASE REQMTS								
RDT&E (By Program Element)								
Exploration/Definition Phase								
Demonstration/Validation Phase								
Full-Scale Development Phase								
Test Vehicle Development								
Test Vehicle Production								
Systems Test & Evaluation								
Other Development Costs								
Contingency/Risk Factor								
Total RDT&E								
(Total RDT&E Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Development Phase								
PRODUCTION PHASE REQMTS								
PROCUREMENT[5]								
System Cost[6]								
Flyaway, Rollaway, Sailaway (provide one level of WBS indenture based on program requirements)								
Other System Costs								
Advance Proc Prior Yr (Show as minus entries)								
Advance Proc Current Yr (Show as plus entries)								
Initial Spares								
Other line item Procurement[7]								
Total Procurement								
(Total Procurement Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Production Phase								

ANNEX D: PROGRAM RESOURCES - FUNDING PROFILE[1, 2] (Continued)

(Dollars in Millions)

	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
OPERATIONS & SUPPORT PHASE REQMTS								
MILPERS								
O&M								
PROCUREMENT[8]								
RDT&E[8]								
Total Ops & Support Phase								
OTHER REQUIREMENTS[9]								
During Development								
During Production								
During Ops & Support								
Industrial Capacity Investment								
Total Other Requirements								
TOTAL XX-YR LIFE-CYCLE REQMTS								

---

1 Provide profile for each alternative in constant (base year) and in escalated (then year) dollars using current FYDP rates/ground rules for the program baseline quantity stream. For the preferred alternative, provide two additional funding profiles for accelerated quantity streams. The first will be based on optimum peacetime surge production rates/rate acceleration attainable from baseline material & facility resources (including reasonable line-of-balance enhancements to that baseline). The second will be based on mobilization production rates/rate acceleration required to meet warfighting demand including any necessary enhancements to baseline material & facility resources.

2 Apply footnotes as required to explain each profile. Adjustments to format are authorized to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be used per DoD Instruction 5000.33 (reference (rr)). Use as many columns as necessary to show every FY of acquisition funding from initial to last FY, and operations and support funding until steady state operations are achieved.

3 Identify the number of development and production incremental units to be funded and delivered during each FY.

4 Identify other life-cycle related costs (such as installation, project manager office, and civilian salaries) funded by other appropriations; for example, O&M and MILPERS during development or production phases or later.

5 Enter the costs by appropriation, such as, Aircraft Procurement, Missile Procurement, Shipbuilding & Conversion, or Other Procurement. If more than one applies, identify each separately.

6 System cost is equal to weapon system cost as defined in reference (rr).

7 Identify industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name, or program element (PE) and name, under which funding is required and the amount in each.

8 Enter Procurement costs associated with operation/owning a weapon system, such as modifications, replenishment spares, and support equipment, and RDT&E costs in operational PEs (other than in Program 6) such as for mods.

9 Enter system-peculiar costs carried elsewhere in the budget such as, installation, project manager's office, civilian salaries, shore-based training facilities, etc.

ANNEX E: SUMMARY OF LIFE-CYCLE COST OF PROGRAM ALTERNATIVES

As Of Date:________

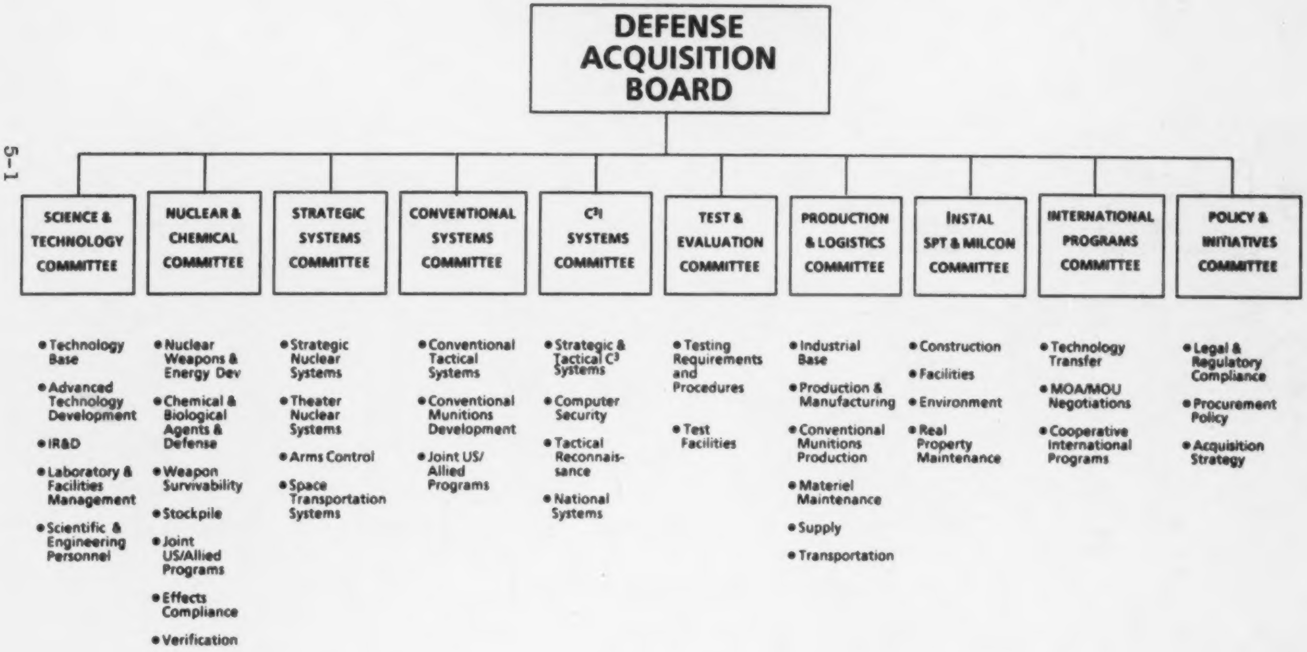
CONSTANT DOLLARS (in Millions)

ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YEAR LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

CURRENT DOLLARS (in Millions)

ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YEAR LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

DEFENSE ACQUISITION BOARD
ACQUISITION COMMITTEES


DEFENSE ACQUISITION BOARD
SCIENCE & TECHNOLOGY COMMITTEE
• Technology Base
• Advanced Technology Development
• IR&D
• Laboratory & Facilities Management
• Scientific & Engineering Personnel
NUCLEAR & CHEMICAL COMMITTEE
• Nuclear Weapons & Energy Dev
• Chemical & Biological Agents & Defense
• Weapon Survivability
• Stockpile
• Joint US/Allied Programs
• Effects Compliance
• Verification
STRATEGIC SYSTEMS COMMITTEE
• Strategic Nuclear Systems
• Theater Nuclear Systems
• Arms Control
• Space Transportation Systems
CONVENTIONAL SYSTEMS COMMITTEE
• Conventional Tactical Systems
• Conventional Munitions Development
• Joint US/Allied Programs
C^3I SYSTEMS COMMITTEE
• Strategic & Tactical C^3 Systems
• Computer Security
• Tactical Reconnaissance
• National Systems
TEST & EVALUATION COMMITTEE
• Testing Requirements and Procedures
• Test Facilities
PRODUCTION & LOGISTICS COMMITTEE
• Industrial Base
• Production & Manufacturing
• Conventional Munitions Production
• Materiel Maintenance
• Supply
• Transportation
INSTAL SPT & MILCON COMMITTEE
• Construction
• Facilities
• Environment
• Real Property Maintenance
INTERNATIONAL PROGRAMS COMMITTEE
• Technology Transfer
• MOA/MOU Negotiations
• Cooperative International Programs
POLICY & INITIATIVES COMMITTEE
• Legal & Regulatory Compliance
• Procurement Policy
• Acquisition Strategy

Tab B-2

LIST OF COORDINATING OFFICIALS
DOD INSTRUCTION 5000.2

ARMY: JAMES AMBROSE

NAVY: EVERETT PRATT

AIR FORCE: JAMES MCGOVERN

JOINT CHIEFS OF STAFF: GEN. ROBERT HERRES

ASD(RESERVE AFFAIRS): JOHN ROSAMOND

INSPECTOR GENERAL: RICHARD LIEBERMAN

ATSD(INTELLIGENCE OVERSIGHT): WERNER MICHEL

PROGRAM ANALYSIS AND EVALUATION: DAVID CHU

OPERATIONAL TEST AND EVALUATION: KARL PFLOCK

DEPARTMENT OF THE ARMY
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D.C. 20310-0102

27 July 1987

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE
FOR ACQUISITION

SUBJECT: Draft DOD Instruction 5000.2 - Comments

By and large, this document is reasonable and acceptable. Much of the concerns that result from experience with its predecessor version derive from the actual practices and specific requirements which come from the committees and staffs of OSD. I don't think it is feasible to lay out sufficient detailed guidance to avoid excesses and misconstruction of the underlying intent. I think it is more important to put this new structure to work and to correct anything which experience shows has gone astray.

You should be aware, however, that I and the Army are convinced from accumulated experience that these definitions and procedures have not, in the past, been applied uniformly and consistently. This is an aspect which bears close watching. I have instructed the Army offices to pay close attention to the content and detail of DAB programs which gain approval with relatively little contention and delay, with a view to improving all of our DAB submissions.

I offer the following specific comments:

1. We would suggest replacing the comments on LRIP in Section C.5.c., 1st ¶, with a fourth, more detailed paragraph as attached.

2. Our experience strongly suggests that the 3-month advance submission of documentation is too early.

Much of the data is still being produced and/or analyzed. Much time has been wasted in the past in reconciliation efforts over data differences which inevitably exist with later versions. We recommend this interval be reduced to 45 days.

3. Paragraph E.2.b.(3) describes a Congressional report which we believe was eliminated by P.L. 99-433, Sec. 602c. The requirement to develop competitive alternative sources still exists, but not the report to Congress. The paragraph can be deleted.

4. In paragraphs D.3. and D.6., the document refers to executing decisions through the "Head of the DOD Component". I presume, in the case of the Services, this means the SAE. The clarification should be made to be consistent with the other references to SAE responsibilities and functions.

James R. Ambrose
Under Secretary of the Army

Attachment

RECOMMENDED ADDITION TO PARAGRAPH C5C

Low Rate Initial Production (LRIP) Decision. When necessary to verify the production process and provide continuity of production, LRIP of a system in limited quantity may be approved by the Acquisition Executive. LRIP verify production engineering and design maturity beyond normal pre-production/production acceptance testing and/or establish a production base prior to a decision to proceed with full-rate production IAW DODD 5000.3. LRIP may entail a Milestone II-A to assure adequate planning for requisite testing, logistics support, funding, and follow-through actions in preparation for full-rate production and materiel fielding

Encl.

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(SHIPBUILDING AND LOGISTICS)
WASHINGTON, DC 20360-5000

JUL 27 1987

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (ACQUISITION)

Subj: DOD INSTRUCTION 5000.2

Ref : (a) DASD(PO/ASM) memorandum dtd 14 Jul 87

Reference (a) forwarded the second revision of subject instruction for Service review and comment. Our detailed comments on this version of 5000.2 are attached.

We support your efforts to streamline the acquisition process and believe that the attached comments will facilitate your efforts.

EVERETT PYATT
ASSISTANT SECRETARY OF THE NAVY
(SHIPBUILDING AND LOGISTICS)

COMMENTS ON DRAFT DODD 5000.2

1. **Page 2 of draft instruction, Section C. DEFINITIONS, after para. 1., which defines the Defense Acquisition Board, add:**

"2. Defense Acquisition Executive (DAE). The DAE is the Under Secretary of Defense for Acquisition (USD(A))."

2. **Page 2, Section C. DEFINITIONS,** revise as follows:

a. Renumber definition for DAB Acquisition Committees as number "3" vice "2."

b. **First sentence after list of committees,** change to read:

"These committees hold pre-DAB meetings, as necessary, for the purpose of identifying agreements, highlighting significant program issues, formulating options for decision and providing advice, assistance and recommendations to the DAB."

3. **Page 2, Section C. DEFINITIONS, after definition for DAB Acquisition Committees,** add:

"4. DAB Executive Secretary. Designated by the DAB chair; the duties of the Executive Secretary are delineated at Section F. RESPONSIBILITIES, of this Instruction."

4. **Page 2, Section C. DEFINITIONS,** renumber remaining definitions.

5. **Page 3, Section C. DEFINITIONS, para. 5.c., first subpara., second sentence,** recommend substitute "Pilot" for "Low-Rate Initial" and delete "(LRIP)."

6. **Page 3, Section C. DEFINITIONS, para. 5.c., third subpara., third line,** revise to:

a. Delete "the SAE" and insert "the Service Acquisition Executive" in lieu thereof.

b. Having done the above, go to **Page 8, Section E. PROGRAM DOCUMENTATION, para. 1.h., first subpara., second line,** and revise to:

(1) Delete "the Service Acquisition Executive (SAE)," and

(2) Replace with "SAE."

7. **Page 4, Section C. DEFINITIONS, para. 5.d., first subpara., second sentence,** recommend delete sentence and substitute:

"As appropriate, a Low-Rate Initial Production (LRIP) phase may be approved prior to the Full-Rate Production (FRP) phase. A LRIP decision may be approved at Milestone IIIA

COMMENTS ON DRAFT DODD 5000.2 (Cont'd)

following completion of initial operational test and evaluation (IOT&E). The FRP decision may be approved at a subsequent Milestone IIIB following completion of operational test and evaluation (OPEVAL)."

8. Page 4, Section C. DEFINITIONS, para. 5.d., title of para., change title of paragraph to read as follows:

"d. Milestone III - Low-Rate Initial/Full-Rate Production Decision"

9. Page 4, Section C. DEFINITIONS, paragraphs 5.e. and 5.f., recommend that Milestone IV and V reviews be conducted by the SAE, as necessary, vice the DAE and the DAB. Therefore:

a. In second subpara. of para. C.5.e. and 5.f., first line, delete "DAB's deliberations" and substitute "SAE's deliberations."

b. Accordingly, revise Section D. PROCEDURES, para.3 (page 5), to delete reference to Milestones IV and V.

10. Page 5, Section D. PROCEDURES, para. 1, third and fourth lines, revise to delete "The Defense Acquisition Board (DAB)" and replace with "The DAB."

11. Page 5, Section D. PROCEDURES, para. 2, clarify intent by identifying to whom the DAB Executive Secretary is to provide the quarterly reports of CAT I and II designated programs. Also, are these intended to be the same as or different from the quarterly reports required of the DAB Executive Secretary under Section F. RESPONSIBILITIES, para. 1.(a), page 10?

12. Page 5, Section D. PROCEDURES, para. 3, second sentence, revise to clarify intent:

a. Delete the 2nd sentence in its entirety.

b. Replace with: "If the program baseline is breached, the Program Manager shall promptly notify the DAE in writing through the cognizant SAE. The DAE will determine if a program review will be required."

13. Page 5, Section D. PROCEDURES, para. 4.d., first subpara., revise to read as follows:

"The chair of the cognizant DAB acquisition committee is responsible for identifying agreements, highlighting significant issues, formulating options for decisions, and developing recommendations for DAB deliberations."

COMMENTS ON DRAFT DODD 5000.2 (Cont'd)

14. **Page 7, Section E. PROGRAM DOCUMENTATION, para. 1.a., sixth line, between "(reference (b))." and "The MNS shall be submitted...,"** insert:

"The MNS serves as the Program Baseline at Milestone 0 for the Concept Exploration/Definition phase."

15. Page 7, Section E. PROGRAM DOCUMENTATION, para. 1.d., revise as follows:

a. Delete "Report" from title of paragraph and after "COEA" in second and third sentences.

b. Change first sentence to read:

"A Cost and Operational Effectiveness Analysis for all Category I major defense acquisition programs shall be included in the draft SCP or DCP which shall be provided to the DAB to support Milestone I and Milestone II."

16. **Page 8, Section E. PROGRAM DOCUMENTATION, para. 1.d., last sentence,** revise to delete "MOUs" and replace with "Memorandum of Understanding (MOU)."

17. **Page 8, Section E. PROGRAM DOCUMENTATION, para. 1.h.,** revise to clarify as follows:

"The Program Baseline is a formal written agreement between the DAE, SAE, and the Program Manager. The document summarizes the program's functional specifications, cost, schedule, operational effectiveness and suitability requirements, and other factors critical to the program's success. Once signed, the agreement cannot be changed without DAE approval. The Program Baseline is further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (11)).

The MNS serves as the Program Baseline at Milestone 0 for the Concept Exploration/Definition phase. Annex B of the SCP is attached to the ADM and becomes the Program Baseline at Milestone I for the Concept Demonstration/Validation phase. The DCP and its updates will include the Program Baseline documentation required by DoDD 5000.45 and will be used at Milestones II, III, and IV as the formal Program Baseline agreement.

A Development Baseline is established at Milestone II and a Production Baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the Program Baseline, the Program Manager is given full authority to manage the program."

COMMENTS ON DRAFT DODD 5000.2 (Cont'd)

18. **Page 9, Section E. PROGRAM DOCUMENTATION, para. 2.a., first sentence, revise to read:**

"During the development of all major defense acquisition programs, the Secretary of Defense requires the use of CPS where practicable."

19. **Page 9, Section E. PROGRAM DOCUMENTATION, para. 2.a., fourth line, revise to read: "with not less than two contractors/contractor teams,...."**

20. **Page 9, Section E. PROGRAM DOCUMENTATION, para. 2.a., last sentence,** rewrite to clarify who prepares the written Secretary of Defense notification and report to Congress, as to why a CPS is not practicable, and through what chain of command the documentation must pass. If this is discussed in another DoD Directive, reference the directive here.

21. Page 9, Section E. PROGRAM DOCUMENTATION, para. 2.b.(2), last sentence, rewrite to clarify as follows:

"The Secretary of Defense is required to submit the Manpower Estimate Report to the Armed Services Committees of the House and Senate at least 90 days in advance of Secretarial approval at Milestones II and III for all major defense acquisition programs. The cognizant Component, through the SAE, shall prepare and provide this report to the DAE with sufficient leadtime to enable DAE review of the report prior to submission to the Secretary."

22. Page 9, Section E. PROGRAM DOCUMENTATION, para. 2.b.(3), fourth line, after "full-scale development," add "(FSED)."

23. Page 10, Section E. PROGRAM DOCUMENTATION, para. 2.b.(4), revise as follows:

"(4) Low Rate Initial Production (LRIP) Report

Purpose. The LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat. DOT&E prepares and provides the Report to the Secretary of Defense, DAE, and the Senate and House Committees on Armed Services and Appropriations before the ADM, documenting approval to proceed beyond LRIP for all major defense acquisition programs, is signed (DoDD 5000.3, reference (e))."

24. Page 11, Section G. EFFECTIVE DATE AND IMPLEMENTATION. Thirty days is not enough time for the Services to develop and coordinate implementing instructions. Recommend a period of 60 to 90 days for Service implementation.

DOCUMENT TITLE: DoDD5000.2

WRITER: ERIC R. MENS/CBM-APC/23558

TYPIST: SAME/24JUL87

COORDINATION: ASN(S&L)AP/CAPT RIDDER/24JUL87
ASN(RE&S) FWD COPY 24JUL87 FOR CHOP

Hon Everett Pyatt

OFFICE OF THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

14 JUL 1987

PO/ASM

MEMORANDUM FOR DISTRIBUTION

SUBJECT: DoD Instruction 5000.2

The general thrust of revisions to DoDD 5000.1 and DoDI 5000.2 was to incorporate all necessary policy in DoDD 5000.1 in as streamlined a fashion as possible, and to focus DoDI 5000.2 on procedural matters.

The revised version of DoDI 5000.2 (copy attached) incorporates definitions of the milestone review points and contains many of the comments received on the May 7, 1987 version that was circulated.

Your review of the attached draft is requested. If you have comments, your reply would be appreciated by July 22.

John E. Smith
/John E. Smith
Deputy Assistant Secretary of
Defense for Acquisition Systems
Management

Attachment

DISTRIBUTION:
Service Acquisition Executives [redacted]
VC JCS
USD(P)
ASD(C)
ASD(C³I)
ASD(FM&P)
ASD(P&L)
ASD(HA)
ASD(LA)
ASD(PA)
ASD(RA)
Asst to Sec Def(IO)
General Counsel
Inspector General, DoD
DPA&E
DOT&E
DUSD(IP&T)
DUSD(S&TNF)
DUSD(TWP)
DUSD(T&E)

DEPARTMENT OF DEFENSE INSTRUCTION
OUSD(A)/PO-ASM DRAFT JULY 14, 1987

NUMBER 5000.2
USD (A)

SUBJECT: Defense Acquisition Program Procedures

References:
(a) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986 (hereby canceled)
(b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," 1987
(c) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(d) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
(e) through (ww), see enclosure 1

A. PURPOSE

This Instruction reissues and updates reference (a) to revise procedures for DoD implementation of reference (b).

B. APPLICABILITY AND ORDER OF PRECEDENCE

1. The provisions of this Instruction apply to DoD Components as defined in reference (b).

2. This Instruction sets forth uniform procedures governing major defense acquisition programs and establishes specific requirements and responsibilities for acquiring major defense acquisition programs requiring decision authority by the Secretary of Defense (defined in reference (b) as Category 1 programs). These procedures should be generally employed for the management of non-major defense acquisition programs. as determined by the Head of Component.

3. The provisions of DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for defense acquisitions, except when statutory requirements override. Any DoD issuance in conflict with reference (b) or this Instruction shall be changed or canceled within 120 days from issuance of this Instruction. Thereafter, conflicts shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

C. DEFINITIONS

1. Defense Acquisition Board (DAB). The DAB is the senior DoD acquisition review board chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff. The DAB assists the DAE with Milestone and program reviews, policy formulation, and acquisition resource decisions. The DAB is the primary forum for DoD Components to provide advice and assistance concerning acquisition matters through the DAE to the Secretary of Defense. Permanent members of the DAB are identified in DoD Directive 5000.49, (reference (ss)).

2. DAB Acquisition Committees. The DAB is supported by ten (10) acquisition committees, which provide assistance in program review and policy formulation. The ten acquisition committees are as follows:

Science and Technology Committee
Nuclear Weapons Committee
Strategic Systems Committee
Conventional Systems Committee
Command, Control, Communications, and Intelligence Committee
Test and Evaluation Committee
Production and Logistics Committee
Installation Support and Military Construction Committee
International Programs Committee
Policy and Initiative Committee

These committees hold pre-DAB meetings for the purpose of providing advice, assistance, and recommendations to the DAB and reaching consensus on acquisition issues. The missions, responsibilities, and membership of each of these committees is articulated in their respective charters. Enclosure 4 highlights the oversight areas of each committee.

3. Operational Effectiveness. The overall degree of mission accomplishment of a system when used by representative personnel in the environment planned or expected for operational employment of the system considering organization, doctrine, tactics, survivability, vulnerability, and threat (including countermeasures, nuclear, and chemical biological threats).

4. Operational Suitability. The degree to which a system can be placed satisfactorily in field use with consideration given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistics supportability, documentation, and training requirements.

5. Milestone Descriptions.

a. Milestone 0 - Program Initiation/Mission Need Decision. The Milestone 0 decision determines mission need and approves program initiation and authority to budget for a new major program. Normally, a Concept Exploration/Definition phase follows this approval. Primary considerations during this milestone include: (1) mission area analysis; (2) affordability;

and 3) the ability of a modification to an existing system to provide needed capability.

b. Milestone I - Concept Demonstration Validation Decision.

The Milestone I decision approves proceeding with the Concept Demonstration/Validation phase.

Primary considerations during this decision include: 1) program alternative tradeoffs; 2) performance cost and schedule tradeoffs; 3) appropriateness of the acquisition strategy; 4) prototyping of the system or selected system components; 5) affordability; 6) and potential common-use solutions.

The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and objectives, allowing the program manager maximum flexibility to develop innovative and cost effective solutions. The principles of acquisition streamlining (DoD Directive 5000.43, reference (pp)) and design-to-cost (DoD Directive 4245.3, reference (gg)) should be emphasized during this phase.

c. Milestone II - Full Scale Development Decision.

The Milestone II decision approves proceeding with the Full Scale Development (FSD) phase. As appropriate, Low-Rate Initial Production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II review should occur before the release of the final Request for Proposals (RFP) for the FSD contract.

Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved operational suitability and effectiveness; 2) need for a new development program versus buying or adapting existing military or commercial systems; 3) program risk versus benefit of added military capability; 4) planning for the transition from development to production which will include independent producibility assessments; 5) realistic industry surge and mobilization capacity; 6) factors which impact program stability; 7) potential common-use solutions; 8) results from prototyping and demonstration validation; 9) milestone authorization; and 10) manpower, personnel, training and safety assessments.

The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the Program Baseline agreement between the DAE, the SAE, and the program manager. The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoDD 4245.7, reference (mm)).

d. Milestone III - Full Rate Production Decision.

The Milestone III decision approves proceeding with the Full-Rate Production/Deployment phase or Construction. If the magnitude of the program is sufficiently large and/or the time between the beginning of Low-Rate Initial Production and Full-Rate Production is significantly long, there may be a need for a Program Review or a Milestone IIIA, after the initial Milestone III.

Primary considerations in the DAB's deliberations are: 1) successful completion of operational test and evaluation; 2) threat validation; 3) production or construction cost verification; 4) adequacy of funding; 5) the production and deployment schedule; 6) reliability and maintainability; 7) producibility as verified by an independent assessment (DoDD 5000.38, reference (rr)); 8) realistic industry surge and mobilization capacity; 9) logistics support; 10) multiyear procurement or milestone authorization; and 11) manpower, personnel, training and safety requirements.

e. Milestone IV - Logistics Readiness and Support Review.

The Milestone IV decision identifies actions and resources needed to ensure operational readiness and support objectives are achieved and maintained for the first several years of the Operational Support phase. The Milestone IV review will normally occur 2 to 3 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) logistics readiness and sustainability (peacetime and wartime); 2) weapon support objectives; 3) the implementation of integrated logistics support plans, per DoDD 5000.39 (reference (q)); 4) and the capability of logistics activities (i.e. supply, transportation, etc.), facilities, and training and manpower to provide support efficiently and cost effectively.

f. Milestone V - Major Upgrade or System Replacement Decision.

The Milestone V decision encompasses a review of a system's or facility's current state of operational effectiveness, suitability, and readiness to determine whether major upgrades are necessary or deficiencies warrant consideration of replacement. This milestone decision normally will occur 5 to 10 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) capability of the system or facility to continue to meet its mission requirements; 2) the potential necessity of modifications and upgrades to ensure that mission requirements are met and that the useful life is extended; 3) changes in threat that require increased capability or utility; and 4) changes in technology that present the opportunity for a significant breakthrough in system worth. A significant question to be decided at this point is whether deficiencies are critical enough to warrant retirement and/or new start considerations.

D. PROCEDURES

1. Major Defense Acquisition Program Designation. The criteria for designation of certain acquisition programs as either Category I or Category II major programs is set forth in reference (b). The Defense Acquisition Board (DAB) Executive Secretary may recommend candidate programs to the DAE at any point in the acquisition process. The DAB Executive Secretary is authorized to withdraw the designation of "Category I major defense acquisition program" when circumstances so dictate, but shall advise the DAE before taking such action.

2. Major Defense Acquisition Program Listings. The DAB Executive Secretary shall maintain and distribute a list of currently designated Category I and Category II major defense acquisition programs at least quarterly. This list shall also identify the cognizant DAB acquisition committee for each Category I program.

3. DAB Milestone and Program Reviews. The DAB chair will normally convene formal reviews at Milestones 0, I, II, III, IV, and V. If the Program Baseline is breached, the DAE shall be notified by the program manager and the DAE will decide whether or not a program review will be required. The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when there are no significant issues. The DAE will prepare the Acquisition Decision Memorandum (ADM) and execute the decision through the Head of the appropriate DoD Component.

4. Pre-DAB Activity.

a. Milestone Planning Meeting. An informal milestone planning meeting to identify program issues will normally be held by the cognizant Committee chair, or his designee, before Component submission of draft documentation. The chair should ensure the participation of members of other acquisition committees having an interest in the program.

b. Draft Program Documentation. Required draft documentation shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three months before a DAB Committee review. The OSD action officer shall ensure that copies are made available to DAB members and appropriate DAB Committee members. The DAB chair shall transmit formal comments to the DoD Component two months before the scheduled DAB meeting. Every effort shall be made through the Committee process to reach consensus on issues before the DAB meeting.

c. Final Documentation Update. A final update shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three weeks before a scheduled DAB meeting.

d. Component Staff Briefings.

The chair of the cognizant DAB acquisition committee is responsible for identifying and reaching consensus on issues, developing recommendations, and highlighting significant program issues to be addressed during DAB deliberations.

In support of this, Component staff briefings shall be provided not later than three weeks before a DAB Committee meeting: 1) on the overall program status to the cognizant DAB Committee; 2) on the independent cost estimate to the OSD Cost Analysis Improvement Group (CAIG); 3) on test activity results and plans to the Director, Operational Test and Evaluation (DOT&E); 4) on acquisition strategy and transition from development to production or construction planning to the ASD(P&L); and 5) on readiness and support planning to include manpower, personnel training requirements to the Director, Weapons Support Improvement Group (DWSIG).

If requested by the cognizant Committee chair, additional briefings shall be conducted on specified subjects, such as chemical or nuclear survivability and endurance.

5. DAB Meetings. The DAB Executive Secretary will present the Committee's report and discuss the unresolved issues. DAB members are responsible for participating in these issue discussions and providing any additional information relevant to the matter being discussed. Following these presentations, the DAB members will develop and present recommended findings to the DAE. The DAE will present the recommendations of the DAB to the Secretary of Defense for his approval before the formal issuance of the Acquisition Decision Memorandum (ADM).

6. Post-DAB Activity: Acquisition Decision Memorandum (ADM).

The ADM shall normally be issued to the Head of the DoD Component within 10 days following the DAB meeting.

The ADM documents the Secretary of Defense milestone decision, including approval of: 1) goals and thresholds for cost, schedule, performance, and readiness and supportability; 2) exceptions to the normal acquisition process; and 3) other appropriate direction. The ADM may also be used to document a Secretary of Defense decision on a joint or OSD and OJCS Mission Need Statement.

The DAE will issue the ADM and execute the decision through the Head of the appropriate DoD Component. The DAB Executive Secretary will prepare and coordinate the ADM to reflect goals and thresholds. Updated program direction resulting from Program Baseline breaches, following a special review of the breached program by the DAB, shall be provided by an amended ADM.

Programming and budgeting decisions that may invalidate a Milestone decision or other ADM direction, or breach an approved Milestone II or III Program Baseline shall be immediately highlighted by DoD Component Heads to the DAE for explicit consideration of the impact on military capability and total acquisition resource requirements. In addition, the DoD Component Heads shall explain and justify to the DAE differences in quantity and funding between the Program Baselines and the program or budget under review.

E. PROGRAM DOCUMENTATION.

Program documentation for Category I major defense acquisition programs shall be in accordance with the procedures below and in the format prescribed in the enclosures to this Instruction. Data elements shall be standardized in accordance with DoD Directive 5000.11 (reference (f)) and DoD 5000.12-M (reference (g)). The objective of this documentation is to provide only the information essential for decision making. A written justification statement shall be submitted by the DoD Component to the DAB Executive Secretary in the event that a scheduled DAB Milestone review is delayed by more than 90 days.

1. DAB Program Documentation.

a. Milestone 0 - Mission Need Statement (MNS). New major acquisitions are considered concurrent with the OSD Program Objective Memorandum (POM) review on the basis of justifications provided by DoD Components. A MNS document is required when the new major defense acquisition program is expected to meet the dollar threshold criteria in DoD Directive 5000.1 (reference (b)). The MNS shall be submitted to the DAE with or before the POM submission in which funds are requested for a new major defense acquisition program. The results of the Mission Area Analysis required by DoD Directive 5000.1 shall provide the basis for documenting the mission need. Approval of the MNS is documented by the ADM. The DAE will approve the issuance of a Program Element Number for the new major defense acquisition program in coordination with the ASD (Comptroller). If a MNS is not approved, the proposed acquisition shall not be funded. See Enclosure 2 for the MNS format.

b. Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP).

Purpose. The SCP is used to summarize the results of the Concept Exploration/Definition phase; to describe the DoD Component's acquisition strategy, including identification of the best concepts to be carried into the Concept Demonstration/Validation phase for further development, and reasons for elimination of alternative concepts; and to establish broad program cost, schedule, and operational effectiveness and suitability goals and thresholds to be met and reviewed at the next milestone. See Enclosure 3 for SCP format. The purpose and content of the TEMP is described in DoD Directive 5000.3 (reference (e)).

c. Milestone II - Decision Coordinating Paper (DCP)/Updated TEMP.

Purpose. The DCP is used to summarize the results of the Concept Demonstration/Validation phase; to identify program alternatives; and to establish explicit program cost, schedule, and operational effectiveness and suitability goals and thresholds. See Enclosure 4 for DCP format. The TEMP is updated in preparation for Milestone II.

d. Milestones I and II - Cost and Operational Effectiveness Analysis (COEA) Report.

Purpose. A Cost and Operational Effectiveness Analysis report for all Category I major defense acquisition programs shall be provided to the DAB, along with a draft SCP or DCP, to support Milestone I and Milestone

II. The COEA report will assess the operational effectiveness and suitability of proposed concepts, as defined in DoDD 5000.1, in the context of the specific tasks addressed in the DoD Component's mission area analysis. In the case of cooperative projects, the full costs of the proposed MOUs shall be included in the COEA report.

e. Milestone I and II - Common-Use Alternatives Statement.

Purpose. During DAB review of Service-unique programs, the SAE must provide to the DAE a statement and supporting analysis regarding the feasibility of common-use alternative systems. This information, along with an independent assessment of the SAE's statement and supporting analysis by the OJCS, shall be considered by the DAE when making a recommendation to the Secretary of Defense.

f. Milestone III - Updated Decision Coordinating Paper (DCP)/ Updated TEMP.

Purpose. In preparation for Milestone III, the DCP is updated to describe program changes since Milestone II and to propose goal and threshold revisions, if appropriate. The TEMP is also updated in preparation for a Milestone III.

g. Milestones IV and V - Updated Decision Coordinating Paper (DCP).

Purpose. In preparation for Milestones IV and V, the DCP is updated to describe program status, changes, and issues.

h. Milestones O, I, II, III, and IV - Program Baseline.

Purpose. The Program Baseline is a formal agreement between the DAE, the Service Acquisition Executive (SAE), and the program manager that briefly summarizes the program's functional specifications, cost, schedule, and operational effectiveness and suitability requirements, and other factors critical to the program's success. Once signed, this agreement cannot be changed without approval of the DAE. A Development Baseline is established at Milestone II and a Production Baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the Program Baseline, the program manager is given full authority to manage the program. The Program Baseline is further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (11)).

The MNS shall serve as the Program Baseline at Milestone O for the Concept Exploration/Definition phase. Annex B of the SCP shall be attached to the ADM and becomes the Program Baseline at Milestone I for the Concept Demonstration/Validation phase.

i. Additional requirements for information to be considered by the DAB chair, beyond that required by this Instruction, shall be issued only by the DAB chair.

2. Congressional Documentation Requirements

The DAB will assure the following legislatively mandated documentation requirements are reviewed for accuracy and are executed in a timely manner.

a. Milestone I - Competitive Prototyping Strategy (CPS).

Purpose. During the development of all major defense acquisition programs, the Secretary of Defense requires the use of CPS. A CPS is defined as a strategy that requires that contracts be entered into with not less than two contractors, using the same combat performance requirements, for the competitive design and manufacture of a prototype system or subsystem for developmental test and evaluation. In addition, a CPS requires that all systems so developed be tested in a comparative side-by-side test. No document is required if a CPS is planned. If a CPS is not planned, the Secretary of Defense must submit written notification and a report to the Congress detailing why a CPS would not be practicable.

b. Milestones II and III.

(1) Independent Cost Estimate (ICE).

Purpose. The ICE is an estimate of program cost developed by an independent Service office. This Service report must be reviewed by the OSD Cost Analysis Improvement Group (CAIG) and the results of the CAIG review submitted to Secretary of Defense before Milestone II or III approval for all major defense acquisition programs (DoDD 5000.4, reference (k)).

(2) Manpower Estimate Report.

Purpose. The Manpower Estimate Report is an estimate of the total number of personnel (military, civilian, and contractor) required to operate, maintain, support, and train for the program upon full operational deployment. The report must also address any increases in personnel end strengths required for full operational deployment and deployment options in the event such increases are not authorized. This report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Senate and House of Representatives Armed Services Committees at least 90 days in advance of Secretary of Defense approval at Milestones II and III for all major defense acquisition programs.

(3) Acquisition Strategy Report (Competitive Alternative Sources).

Purpose. The Acquisition Strategy Report describes the major defense acquisition program strategy that provides for the availability of competitive alternative sources throughout the period from the beginning of full-scale development through the end of production. For all major defense acquisition programs, this report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Committees on Armed Services of the Senate and House of Representatives. Submittal must occur not later than the date of submission of the President's Budget for the fiscal year in which the initial request is made for appropriations for FSD or production, whichever is the earliest. Congress must be notified of revisions to the report and the revision cannot be implemented until 60 days after Congressional receipt of the revision.

(4) Low Rate Initial Production Report.

Purpose. The LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat, prepared by the DOT&E. This report is provided by the DOT&E to the Secretary of Defense, DAE, and the Senate and House of Representatives Committees on Armed Services and Appropriations before the ADM is signed documenting approval to proceed beyond LRIP for all major defense acquisition programs (DoDD 5000.3, reference (e)).

F. RESPONSIBILITIES

1. DAB Executive Secretary. Designated by the DAB chair, the DAB Executive Secretary shall:

a) Identify, for DAE approval, programs to be designated as Category I and Category II major defense acquisition programs; schedule reviews; and maintain and distribute, at least quarterly, status reports concerning DAB actions;

(b) Make administrative arrangements for meetings and control attendance in DAB reviews;

(c) Staff and coordinate the MNS;

(d) Assure final list of DAB issues is forwarded to the appropriate SAEs following the Committee pre-DAB review session;

(e) Present the Acquisition Committee's report to the DAB and discuss any unresolved issues;

(f) Prepare and coordinate the ADM with DAB principals;

(g) Document DAB recommendations to the Secretary of Defense and prepare final ADM to the Services for DAE signature; and

(h) Maintain a central reference file for current program documentation.

2. OSD Action Officers. The DAB Committee chairs shall appoint action officers to be the lead staff officials in the DAB process for each Category I major defense acquisition program. The Component's acquisition staff shall support the OSD action officer in the performance of the following duties:

(a) Coordinate DAB issues and DoD Component positions;

(b) Conduct planning meetings;

(c) Process, as appropriate, the SCP and DCP;

(d) Process the Program Baseline agreement;

(e) Ensure that all staff reports are compiled and distributed in preparation for DAB Acquisition Committee reviews;

(f) Ensure that comments and recommendations from all OSD offices on DAB and program review-related documents are integrated into one coherent set of views and issues; and

(g) Develop the Committee findings for presentation to the DAB.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. DoD Components shall forward one copy of implementing documents to the Under Secretary of Defense for Acquisition within 30 days.

Enclosures - 4
1. References (Continued)
2. Mission Need Statement (MNS) Format
3. System Concept Paper (SCP) and Decision Coordinating Paper (DCP) Formats
4. DAB Acquisition Committee Chart

MATED NAVY ROUTE SLIP

SECNAVAD

UNCLASSIFIED ^13

GODWIN

DATE 050887

DATE RECEIVED 051387

7U007156

SERIAL

FILE NUMBER (SSIC)

NR OF COPIES RECEIVED

REG. NR.

SUBJECT ABSTRACT

DEFENSE ACQUISITION STRUCTURE AND PROCEDURES

[redacted]

ACQUISITION

STRUCTURE

[redacted]

DODDIR

REMARKS DISTRIBUTION

6U000273 4U004330 6U004329

R D J

DAH

DOC DUE TO OSD

DATE 060887

DUE TO SECNAVAD

DATE 060187

DUE TO

DATE

CONTROL CENTER PRIMARY ROUTING				SECONDARY ROUTING			
TO	PC	SIGNATURE	DATE	TO	PC	SIGNATURE	DATE
OP09BHR	A						
RESOFF	S						
CNCOFF	J						
SLOFF	L						
FMOFF	E						
NAVDAC	E						6-22-87
SP	K						
[illegible]	K				①		6/[illegible]
[illegible]	K						
[illegible]	K					✓	

COMMENTS

& New (Sec) Title [redacted] ITITEM. [redacted]
[redacted] 5000.2/5000.49.

6/24/87

PURPOSE CODES

Done [illegible] E. [illegible]

WARNING DO NOT ENTER CLASSIFIED SUBJECT OR TITLE ON THIS FORM

7U007156

UNCLASSIFIED

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(SHIPBUILDING AND LOGISTICS)
WASHINGTON DC 20360-5000

JUN 24 1987

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (ACQUISITION)

Subj: DEFENSE ACQUISITION STRUCTURE AND PROCEDURES

Ref: (a) DoD Directives System Coordination and Control Record dtd 8 May 1987

General comments are provided below on DoD Directives 5000.1, 5000.2 and 5000.49 forwarded by reference (a). More detailed comments are attached.

I support your efforts to streamline the acquisition process and enhance the accountability and authority of the program manager. To better streamline the process, I recommend that:

- o We have a 1-2 page general Acquisition Policy Directive, 5000.1 with all procedural guidance to to be contained in 5000.2. The draft DoDD 5000.1 contains many detailed procedures which would be better addressed in DoDI 5000.2.

- o DoDI 5000.2 be rewritten so it is clear that the Directive establishes procedures for major and non major DAE designated programs only. Each Service Acquisition Executive would issue implementing directives for all other non major programs.

- o We establish a band of acceptability around each approved baseline objective, and require reapproval only if the band is breached. Recommend we use the same bands and breach criteria that are applied in the Nunn Amendment Unit Cost Reports, as discussed in DoD Inst 7220.31.

- o Milestones IV and V be deleted. Tremendous resources are expended on the Integrated Logistics Support Plan (ILSP). At the most, a support-related Milestone should consist of a program review of these efforts and documents by the Service Acquisition Executive and require no new documentation or DAE presentations.

- o Any additional reporting or presentation requirements levied by DAB action officers and OSD staff members on the PM be in writing and signed by the DAB

Chairman. This will ensure consistency of interpretation and filter out unnecessary requests. For management purposes, I would expect all taskers to and responses from the PM to flow through the SAE and PEO and not directly to and from the PM.

- o The Defense Acquisition Board (DAB) charter 5000.49, be included as an appendix or enclosure to 5000.1 or 5000.2.
- o Specific documentation supporting milestone reviews, baselines and the automated acquisition information system should be reviewed to (1) eliminate redundancy and proliferation (e.g. ensure that program baseline definition is included in current documentation such as the System Concept Paper (SCP) and Decision Coordinating Paper (DCP) rather than creating a separate document) and (2) identify the documentation that will be used to establish program baseline agreements at Milestones II and III.

We should make sure that any revised policy guidance promulgated does in fact streamline the process. We would be happy to work with your personnel on redrafting the regulations so they in fact do streamline the process, provide for clearer guidance and flexibility to the PM and maintain accountability in the acquisition process.

Everett Pyatt

EVERETT PYATT
ASSISTANT SECRETARY OF THE NAVY
(SHIPBUILDING AND LOGISTICS)

COMMENTS ON DRAFT DoDD 5000.1

General Comments:
The terms "DoD Component", "Head of the DoD Component", "Component Acquisition Executive" and "component" seem to be used interchangeably throughout the directives. In one case it may refer to the Service Acquisition Executive, while in another it refers to the Program Executive Officer. Recommend use of specific terms such as SAE, PEO, or PM.
Example - Paragraph E 11 page 11, line 5. Who provides the Component written justification?

Part B: The roles and relationships of the Defense Acquisition Executive (DAE), Service Acquisition Executive (SAE), Program Executive Officer (PEO), and Program Manager should be clearly defined as closely to the beginning of the Directive as possible.

Paragraph C.2.e. First line, add "streamlining" after "additional acquisitions" and change "should" to "shall".

Paragraph C.2.e.(1) Recommend following wording "Expanded use of "off-the-shelf" commercial products is encouraged when such products are available, beneficial and will satisfactorily perform with reliability within the operating environment."

Paragraph C.2.e(3): Recommend revised wording as follows: "Use functional performance characteristics for development except where specific equipment such as common equipment or development items are to be procured CFE or provided GFE, or specific support concept or maintenance plans are required. The intent is to encourage innovative, cost effective, design solutions by new qualified suppliers to maximize competition and yet define constraints and guidelines where required by the operating and support environment."

Paragraph C.2.e(5): Recommend the term "commercial-style" be dropped as it has potential for confusion.

Part D : Other useful definitions would be Procurement Executive, Component Acquisition Executive (if retained), Service Acquisition Executive, Program Executive Officer, Program Manager, and Major System.

Section D4: Add the following: The development and production baselines are based on the Milestones II and III Acquisition Decision Memorandum (ADMs), respectively, and must be updated as appropriate. The production baseline is updated at subsequent service program reviews.

Subsection E5d: The subsection is almost entirely redundant to D4 and should be eliminated.

COMMENTS ON DRAFT DoDD 5000.1 (CONTD)

Subsection E5e and E5f: DOT&Es LRIP Report and the Manpower Estimate Report do not belong in this list as they are one-time, special-purpose reports required by Congress. The LRIP report is treated in DoDD 5000.3 Test and Evaluation.

Paragraph E6a: Line 2, after "new major acquisition" add "and to proceed into concept exploration". Line 3, after "MNS document prepared by the DoD Component", add new sentence "The document will be developed in a streamlined best value fashion, incorporating an industrial assessment of feasibility.".

Paragraph E6a(2): The "Program Decision Memorandum (PDM)" appears to be the same as the Acquisition Decision Memorandum cited elsewhere. Clarification is needed. Delete sentence "Normally a concept exploration phase follows this approval.".

Paragraph E.6.b(2)(1): "Challenge and validation of the mission requirements," Comment: This should be done at Milestone 0 and prior to approval of the Mission Need Statement.

Paragraph E.6.b(3): Line six, after (DoD Directive 4245.3 reference (l)), change "should be" to "shall be employed."

Paragraph E.6.c(1) and (3) and paragraph E.5.d(1) and (3). The need for a Decision Coordinating Paper DCP and a separate program baseline agreement document action at Milestones II and III is redundant. The program baseline agreement should be incorporated into the DCP.

Paragraph E.6.c(3) - Line 6, after "signed by the DAE", delete "after" and insert "concurrent with." Line 8, after "scope of the Program Baseline", add "defined in the DCP Milestone II update.". Add to the end of the paragraph: "The full scale development contract should define transition tasks to be accomplished during development prior to Milestone III.".

Paragraph E.6.c and E.6.d: Recommend acquisition strategy and test evaluation results/issues be included as areas to be reviewed for programs at milestones II and III.

Paragraph E.6.D.1: Last line after Milestone IIIA add "for limited production."

Paragraph E.6.D.3: Line 2, delete "the program manager" and add "SAE".

COMMENTS ON DRAFT DoDD 5000.1 (CONTD)

Subsections E6e and E6f: If not eliminated as suggested, criteria for determining the time of Milestones IV and V or program reviews by the SAE should be set forth. Without such guidance,, the specific significance or phase commencement for the Milestones is not clear, and a Program Manager would have no specific criteria for scheduling them. Recommend this be done on informal basis by the Service Acquisition Executive.

Section E8: The material on Major Acquisition would be better located among Definitions.

Paragraph E.10.: Recommend the following replacement paragraph: "10. Acquisition Streamlining. Minimizing the time and cost it takes to acquire equipment, facilities, and services to satisfy military needs shall be primary goals in the development of an acquisition strategy. Emphasis shall be place on minimizing the time to acquire a suitable system through development concurrent. lead time reductions and by combining or omitting phases. Administrative delays associated with briefings and reviews at various organizational levels shall be minimized. To minimize cost during the initial phase of development, studies with industry participation shall be conducted to identify trade-offs between cost and performance requirements."

Paragraph E.11: Page 11, recommend rewording from line 5 as follows: "from the Component and approved by the DAE. Although the acquisition strategy shall normally contemplate narrowing the number of competing alternatives and elimination of those concepts no longer considered viable as the acquisition process proceeds, tailoring principles require that the number of alternatives must not be prematurely narrowed during the early stages when viable technical alternatives persist. Accordingly, competing alternatives shall be accomplished without interrupting the remaining contracts, and need not be timed to coincide with Milestone decisions. Competition for each phase, including plans for competition for ideas and technologies in the early phases, and price competition in production, shall be described in the acquisition strategy.

Paragraph F.5.(1): Delete words "that includes all phases of the program".

Paragraph F.5.(3): The National Defense Authorization Act for FY 1987 (Public Law 99-661) of 14 Nov 1986, section 2435, establishes specific time period limitations for the reporting of program baseline deviations to the respective service secretary and the DAE. These limitations should be stated or the appropriate directive referenced.

COMMENTS ON DRAFT DoDD 5000.2

Section D3: The draft DoDD 5000.1 says nothing about "advisors". If membership is to listed in DoDD 5000.49, the DoDD 5000.1 and DoDD 5000.2 should merely cite it, not repeat it.

Subsection D3a: Missing.

Paragraph D3c(4): Line 8, after the Director, Operational Test and Evaluation (DOT&E), add "on the status of acquisition streamlining implementation to the appropriate DAB committee;".

Paragraph D3d(1)(b): Presumably, the "ADM reflecting the MNS decision..." is intended.

Paragraph D3d(2)(f): The description of Program Baseline in the draft DoDD 5000.1 is sparse and confusing. The specific form and title of the Program Baseline documentation should be stated clearly.

Paragraph D3d(d)(f): The last sentence would seem to be intended to be "Development and Production baselines are established at Milestones II and III, respectively", unless something about the LRIP or limited production is intended. The thrust is not clear. It would seem that the development baseline should be established at Milestone II and updated at Milestone III A.

Paragraph D3e(1): 5th line, strike out "including acquisition streamlining".

D8(d): Page 7, change second line to read "require a change in cost, schedule..." vice "requires a cost, schedule..."

Annex A: Milestones, program phases, and terminology bear little resemblance to the body of this directive or to DoDD 5000.1.

Page 1-2, reference (pp): correct 5000.34 to 5000.43

Page 2-1: After item 6, insert "Acquisition Streamlining"

COMMENTS ON DRAFT DoDD 5000.49

References: DoDD 5000.1 and 5000.2 are cited as "USD(A) Directives"

Part C: The extent of the DAB's mission is not clearly stated. Recommend the DAB address only the major systems and selected non major systems, not all systems.

Subsection G1c: An "Executive Secretariat" represents a considerable investment of resources and great potential impact on the actual operations of the DAB. The directive should specify the organization and functions of this"Executive Secretariat", rather than leaving it to ad hoc arrangement by the DAE.

DEPARTMENT OF THE AIR FORCE
WASHINGTON 20330

OFFICE OF THE UNDER SECRETARY

22 JUL 1987

Dick

MEMORANDUM FOR THE UNDER ~~SECRETARY~~ OF DEFENSE (ACQUISITION)

SUBJECT: DRAFT DOD INSTRUCTION 5000.2 - INFORMATION MEMORANDUM

I was pleased to see that many of our suggested comments were considered in the second version of DODI 5000.2. My staff performed a thorough review and their detailed comments are attached. However, I would like to summarize our principal comments below.

The establishment of the Defense Acquisition Board (DAB), its Committee structure, and the associated operating procedures is a significant departure from the previous way of doing business. Since the program manager is held accountable for program success, it is vital that he or she be an active participant throughout the entire DAB process. Furthermore, the requirements levied upon the program manager, in support of the DAB activities, are both realistic and executable.

Delaying the release of the Full Scale Development (FSD) Request for Proposal (RFP) until after the Milestone II decision could seriously affect program continuity and also incurs additional competitor investment. In some instances, the response to the RFP provides valuable insight into how the deficiencies noted during the Demonstration/Validation phase will be resolved by the competing contractors. I believe this restriction should be removed.

I realize the task of revising the majority of the DOD acquisition system Directives and Instructions is a complex and monumental effort, especially in trying to assure the documentation is consistent. To that end, I strongly recommend a Tri-Service working group be established to conduct a brief review of the enclosures to the principal 5000 series documents in order to verify consistency and to determine that the approval process does not needlessly delay program execution during the acquisition cycle.

Jim

James F. McGovern
Under Secretary of the Air Force

1 Atch
Comments

GENERAL COMMENTS

1. Although enclosure 1 lists references "f" through "ww," only thirteen references are cited in the document (i.e., a,b,e,f,g,k,q,gg,ll,mm,p,rr,ss). Recommend deletion of documents not cited.

2. Para C.1. and 2. and para D.3. through D.6. describe the operating procedures of the Defense Acquisition Board (DAB). Recommend adding an annex that clearly specifies briefing formats, depicts a timeline for documentation submittal and outlines the DAB briefing cycle.

3. Para D.1. and D.2. describe the procedures for identifying the Category I and II major programs. Recommend the program definition process be reviewed considering the DAB operating procedures to assure realistic and executable requirements are levied upon the program manager.

4. The Program Baselining Sections within DODD 5000.1, DODI 5000.2, and DODD 5000.45 are not consistent. With regard to Baseline Approval: The wording used in DODD 5000.1 is preferred, i.e., The Program Baseline is an agreement between the PM, PEO, SAE, or the DAE.

SPECIFIC COMMENTS

1. The subject of DODI 5000.2 should be changed to correspond with the subject of DODD 5000.1.

2. Para B.2.: Procedures for Category II programs are not addressed. Revise last sentence to include Category II and non-major programs.

3. Para C.3.: For purposes of clarity, revise as follows: The overall degree of mission accomplishment and system effectiveness available when used by current and predicted manpower identified for that system in the context of the organization, doctrine, tactics, survivability, vulnerability and threat (including countermeasures, nuclear and chemical/biological threats).

4. Para C.4.: Add human factors and security to the considerations.

5. Para C.5.c, last sentence in first paragraph: Recommend Milestone II review and approval prior to FSD contract "award" so as not to impact RFP schedule or IOC (an RFP can always be modified or cancelled if approval is not granted or requirements changed). Any restriction on releasing the RFP for FSD after Milestone II could seriously delay programs. Contractor teams finishing up the demonstration/validation phase would be forced to "stand down", as a minimum, for the decision period to get through Milestone II. Additionally, the contracting cycle would be abruptly started after the Milestone II since there is little likelihood that meaningful work to bridge the gap between the conclusion of demonstration or test from the dem/val phase could be found for the three to four contractors typically competing for FSD.

6. Para C.5.d.: The Milestone II decision includes approval to proceed with Low Rate Initial Production and Milestone III is the Full Rate Production go-ahead. The introduction of another Milestone (IIIA) or program review tends to inhibit streamlining the acquisition process. If a program review is warranted, the SAE shall establish the requirement.

7. Change the title of paragraph C.5.f. to "Milestone V - Major Upgrade Review or System Replacement Decision".

8. Para C.5.f., 1st paragraph: Change the last sentence to: "... after Full Operational Capability".

9. Para C.5.e.: Revise the first sentence in the first paragraph as follows: The Milestone IV decision encompasses a review and ...years after Initial Operational Capability (IOC). The Milestone IV....

10. Para C.5.f.: Change the phrase "system worth" in the second paragraph, line seven, to military value. Better continuity of terms is achieved since it was used previously in para C.5.b.

11. Para D.3. and para E.1.a.: The Program Decision Memorandum (PDM) vice the Acquisition Decision Memorandum (ADM) should be used for Milestone 0. Using the PDM maintains the link to the PPBS process.

12. Para C.5.b.: The third paragraph allows "the program manager maximum flexibility to develop innovative and cost effective solutions" during the Milestone I activity. This is not consistent with para E.1.d., which calls for a Cost and Operational Effectiveness Analysis (COEA) report "to support Milestone I and Milestone II." This suggests a defined solution is available before the Milestone I decision.

13. Para D.6.: The third paragraph states that a program baseline breach will cause a review by the DAB. Our understanding is that a DAB review would be conducted as warranted by the degree of the breach. Suggest inserting (if warranted) after review in the last sentence.

14. Para D.6., fourth paragraph: This paragraph is troublesome. Programming and budgeting is supposed to (under the DOD Reorganization Act) be driven by the "planning year" activities of the CINCs/JCS, and development of national strategies, priorities and force objectives. These may differ from previously approved acquisition baselines. Ultimately PPBS must be "current requirements" driven. Paragraph 6 makes PPBS an acquisition efficiency function - which is important, but only if acquisition efficiency supports priority requirements

15. Para D.6., fourth para: Suggest inserting after "explain and justify", internal Service changes only. The Services should not have to explain changes to the Program Baseline as a result of OSD or Congress actions.

16. Para E.1.c.: Insert the following phrase after the first sentence: "as reflected in the current program baseline."

17. Para E.1.h.: The Program Baseline includes all appropriations (i.e., R&D, Procurement, O&M, etc,) and normally tracks total program funding. The designation of a "Development Baseline" and a "Production Baseline" in this paragraph connotes two separate and distinct documents. The third and fourth sentences should be rewritten as follows: A Program Baseline is established at Milestone II, which reflects the current development funding and provides an estimate of other funding as appropriate. The Program Baseline is updated at Milestone III to include procurement funding and is updated again prior to Milestone IV.

18. Para E.2.b.(1): The ICE submittal to Congress is not stated relative to the Milestone approval.

19. Para E.2.b.(4): The LRIP submittal to SECDEF, DAE, HASC, SASC, HAC, and SAC is defined as "before the ADM is signed". A specific time period for submittal to the DAE should be stated to preclude unwarranted delays to program execution.

20. Para G.: Recommend implementation be 120 days to be consistent with DODD 5000.1.

21. Enclosure 1, ref (i): Should read: DOD Directive 4005.1, 'Industrial Preparadness Program', November 26, 1985.

22. Enclosure 2, para 7, line 2 add: "... satisfying the need, such as reliability and maintainability, survivability, ...". Establishing threshold reliability and maintainability requirements ars essential boundary conditions that must be addressed in the Mission Need Statement. Without minimum values, we have no bench marks by which to measure performance based no progress of the developing system.

22. Enclosure 2: Change paragraph 8 as follows: "Provide a summary of salient elements of proposed acquisition strategy, such as program structure, competition, preparedness and productivity industrial planning, contracting approval...".

23. Enclosure 3, para 9: In first sentence add, "For Milestone I (SCP) identify key areas of technological and manufacturing producibility risk which must be reduced by...".

24. Annex A: Delete Milestone IIIA. Refer to specific comment 6.

25. Enclosure 3, page 3-3-2, Footnote 8: Add to the end of first sentence: "Such as maintenance and operational training equipment.".

26. Add to Annex B a factor called "Trainability" under the category of Readiness/Supportability, sub category Operational. The threshold measures could be the cost of training measured in terms of people required to accomplish the training, number of days lost to accomplish training, and resources used (dollars, days, flying hours, steaming days, range time, etc.),to provide a trained capability.

OFFICE OF THE CHAIRMAN
THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301

CM-859-87
29 July 1987

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Subject: DOD Instruction 5000.2

1. I have reviewed the second version of the revision to DODI 5000.2 as you requested* and have enclosed comments that I believe will make the instruction more effective.

2. Having reviewed this document's section on the Defense Acquisition Board (DAB) committees, I believe it would be in our combined interests if the Joint Staff is afforded the opportunity to coordinate on each of the DAB committees' charters. I am particularly concerned that mechanisms for open and effective communication between the appropriate elements of the OSD staff and Joint Staff are defined in those charters.

3. While I understand your intent that the DAB look to me for "military advice and assistance," in requirements, threat, etc., I believe that the Defense Intelligence Agency must play a larger role in the DAB process than currently defined in DODD 5000.1 or DODI 5000.2. DIA is the threat validator and must be placed in a position to address the DAB routinely and directly on threat related system acquisition issues.

4. Our coordination is contingent upon these considerations and review of the enclosures to DODI 5000.2.

ROBERT T. HERRES
Vice Chairman
Joint Chiefs of Staff

Enclosure
a/s

References:
* USD(A)/PO/ASM memorandum, 14 July 1987, "DOD Instruction 5000.2"

ENCLOSURE

OJCS Comments on Draft DODI 5000.2 Revision 2

1. Paragraph C2. Replace "for the purpose of providing" with "to develop." Rationale: Clarity.

2. Paragraph C2 (line 17). Replace "is" with "are." Rationale: Editorial.

3. New Paragraph. To be inserted after paragraph C4 (and renumber subsequent paragraphs):

> "Evolutionary Acquisition. Evolutionary acquisition is an acquisition strategy that may be used to procure a system expected to evolve during development within an approved architectural framework to achieve an overall capability. C2 programs are particularly amenable to evolutionary acquisition strategies.
>
> "An underlying factor in evolutionary acquisition is the need to field a well-defined core capability quickly in response to a validated requirement, while planning through an incremental upgrade program to eventually enhance the system to provide the overall system capability. These increments are treated as individual acquisitions, with their scope and content being the result of continuous feedback from the developing and independent testing agencies and the users (operating forces), supporting organizations, and from the application of new technology balanced against the constraints of time, requirements, and cost."

Rationale: Increasing complexity, cost, military worth, changing technology base and interoperability needs make command and control systems unique and amenable to an alternative acquisition strategy. This definition of evolutionary acquisition parallels the concepts for C2 contained in previous versions of DODI 5000.2.

3. Paragraph C5a. Replace with:

> "The Milestone 0 decision approves the mission need, program initiation, and authority to budget for a new major program.
>
> "Primary considerations for Milestone 0 approval include: 1) the sufficiency of the mission area analysis, 2) affordability, and 3) alternatives to new development as defined in reference (b).

"Milestone 0 approval will normally be followed by a Concept Exploration/Definition Phase."

Rationale: Clarity.

4. Paragraph C5b. Replace with:

"The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and objectives, allowing the program manager maximum flexibility to develop innovative and cost-effective solutions. The principles of acquisition streamlining (DoD Directive 5000.43, reference (pp)) and design-to-cost (DoD Directive 4245.3, reference (gg)) should be emphasized during this phase.

"Primary considerations for Milestone I approval include: 1) program alternative tradeoffs; 2) performance/cost and schedule tradeoffs; 3) appropriateness of the acquisition strategy/concept validation plan; 4) prototyping of the system or selected system components; 5) affordability; 6) and potential common-use solutions.

"Milestone I approval will normally be followed by Demonstration/Validation phase."

Rationale: Clarity.

5. Paragraph C5c. Replace with:

"The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the Program Baseline agreement between the DAE, the SAE, and the program manager. The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoDD 4245.7, reference (mm)).

"Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved operational suitability and effectiveness; 2) need for a new development program versus buying or adapting existing military or commercial systems; 3) program risk versus benefit of added military capability; 4) planning for the transition from development to production, which will include independent producibility assessments; 5) realistic industry surge and mobilization capacity; 6) factors that impact program stability (hardware, software, data bases); 7) potential common-use solutions; 8) results from prototyping and demonstration/validation; 9) milestone authorization; and 10) manpower, personnel, training and safety assessments.

> "Milestone II approval will be followed by the Full Scale Development (FSD) phase. As appropriate, Low-Rate Initial Production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II review should occur before the release of the final Request for Proposals (RFP) for the FSD contract."

Rationale: Clarity.

6. Paragraph C5d. Replace "The Milestone III decision approves proceeding with" with "Milestone III approval is followed by." Rationale: Clarity.

7. Paragraph D3. Add "Milestone" after "Secretary of Defense make a." Rationale: Clarity.

8. Paragraph D4a (line 5). Add "and key DOD agencies (e.g., DIA, DNA, DCA, etc.)" after "committees." Rationale: Full assessment of some of the issues facing DAB committees will require expertise not resident in either the Service, Joint, or OSD staffs. This instruction should remind the committees to make use of such expertise.

9. Paragraph D4d. Add "1) The system operational requirement," and renumber the succeeding items. Rationale: Requirements form the fundamental driving force for each major program. Without a review of the original requirement and subsequent changes at each milestone there is no military metric for program performance.

10. Paragraph D4d (third section). Add "threat update" after "such as." Rationale: Completeness.

11. Paragraph D6. Replace "OJCS" with "OJCS/CINC." Rationale: Consistency with DODD 5000.1.

12. Paragraph D6 (third section). Delete "to reflect goals and thresholds." Rationale: Eliminate redundancy with previous section.

13. Paragraph E1d. COEA is a term most frequently used by the Army and OSD/PA&E; it is not used by the Joint Staff. If DODI 5000.2 is to require this type program documentation, a consistent format should be established and included as an enclosure to the instruction.

14. Enclosure 2, Paragraph 7. Add "Mapping, Charting and Geodesy (MC&G) support" after "logistics support." Rationale: MC&G support needs recognition as a potential bounding constraint.

15. Enclosure 3, Paragraph f. Add "Completeness of Mapping, Charting, and Geodesy data bases, unique impacts, and/or transportation requirements" after "sustainability". Rationale: All Programs must add this criteria to alternative selections.

16. Enclosure 3, Annex C. No. 5. Add "Include funds for DMA Mapping, Charting, and Geodesy requirements" after "phases". Rationale: Complete life cycle costs must include these inputs.

17. Enclosure 3, Annex D No. 3. Add "DMA Mapping, Charting, and Geodesy funding requirements" after "later". Rationale: Same as 16.

18. Paragraph D.7. Threat Definition from the May 7 draft should remain in this version. Rationale: Current version eliminates DIA's involvement in the Threat Validation process completely. The old paragraph, D.7 should be reinstated.

OFFICE OF THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

1 4 JUL 1987

PO/ASM

MEMORANDUM FOR DISTRIBUTION

SUBJECT: DoD Instruction 5000.2

The general thrust of revisions to DoDD 5000.1 and DoDI 5000.2 was to incorporate all necessary policy in DoDD 5000.1 in as streamlined a fashion as possible, and to focus DoDI 5000.2 on procedural matters.

The revised version of DoDI 5000.2 (copy attached) incorporates definitions of the milestone review points and contains many of the comments received on the May 7, 1987 version that was circulated.

Your review of the attached draft is requested. If you have comments, your reply would be appreciated by July 22.

John E. Smith

John E. Smith
Deputy Assistant Secretary of
Defense for Acquisition Systems
Management

Attachment

DISTRIBUTION:
Service Acquisition Executives
VC JCS
USD(P)
ASD(C)
ASD(C^3I)
ASD(FM&P)
ASD(P&L)
ASD(HA)
ASD(LA)
ASD(PA)
ASD(RA)
Asst to Sec Def(IO)
General Counsel
Inspector General, DoD
DPA&E
DOT&E
DUSD(IP&T)
DUSD(S&TNF)
DUSD(TWP)
DUSD(T&E)

DEPARTMENT OF DEFENSE INSTRUCTION
OUSD(A)/PO-ASM DRAFT JULY 14, 1987

NUMBER 5000.2
USD (A)

SUBJECT: Defense Acquisition Program Procedures

References:
(a) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986 (hereby canceled)
(b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," 1987
(c) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(d) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
(e) through (ww), see enclosure 1

A. PURPOSE

This Instruction reissues and updates reference (a) to revise procedures for DoD implementation of reference (b).

B. APPLICABILITY AND ORDER OF PRECEDENCE

1. The provisions of this Instruction apply to DoD Components as defined in reference (b).

2. This Instruction sets forth uniform procedures governing major defense acquisition programs and establishes specific requirements and responsibilities for acquiring major defense acquisition programs requiring decision authority by the Secretary of Defense (defined in reference (b) as Category 1 programs). These procedures should be generally employed for the management of non-major defense acquisition programs, as determined by the Head of Component.

3. The provisions of DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for defense acquisitions, except when statutory requirements override. Any DoD issuance in conflict with reference (b) or this Instruction shall be changed or canceled within 120 days from issuance of this Instruction. Thereafter, conflicts shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

C. DEFINITIONS

1. Defense Acquisition Board (DAB). The DAB is the senior DoD acquisition review board chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff. The DAB assists the DAE with Milestone and program reviews, policy formulation, and acquisition resource decisions. The DAB is the primary forum for DoD Components to provide advice and assistance concerning acquisition matters through the DAE to the Secretary of Defense. Permanent members of the DAB are identified in DoD Directive 5000.49, (reference (ss)).

2. DAB Acquisition Committees. The DAB is supported by ten (10) acquisition committees, which provide assistance in program review and policy formulation. The ten acquisition committees are as follows:

Science and Technology Committee
Nuclear Weapons Committee
Strategic Systems Committee
Conventional Systems Committee
Command, Control, Communications, and Intelligence Committee
Test and Evaluation Committee
Production and Logistics Committee
Installation Support and Military Construction Committee
International Programs Committee
Policy and Initiatives Committee

These committees hold pre-DAB meetings for the purpose of providing advice, assistance, and recommendations to the DAB and reaching consensus on acquisition issues. The missions, responsibilities, and membership of each of these committees is articulated in their respective charters. Enclosure 4 highlights the oversight areas of each committee.

3. Operational Effectiveness. The overall degree of mission accomplishment of a system when used by representative personnel in the environment planned or expected for operational employment of the system considering organization, doctrine, tactics, survivability, vulnerability, and threat (including countermeasures, nuclear, and chemical/biological threats).

4. Operational Suitability. The degree to which a system can be placed satisfactorily in field use with consideration given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistics supportability, documentation, and training requirements.

5. Milestone Descriptions.

a. Milestone 0 - Program Initiation/Mission Need Decision. The Milestone 0 decision determines mission need and approves program initiation and authority to budget for a new major program. Normally, a Concept Exploration/Definition phase follows this approval. Primary considerations during this milestone include: 1) mission area analysis; 2) affordability;

and 3) the ability of a modification to an existing system to provide needed capability.

b. Milestone I - Concept Demonstration/Validation Decision.

The Milestone I decision approves proceeding with the Concept Demonstration/Validation phase.

Primary considerations during this decision include: 1) program alternative tradeoffs; 2) performance/cost and schedule tradeoffs; 3) appropriateness of the acquisition strategy; 4) prototyping of the system or selected system components; 5) affordability; 6) and potential common-use solutions.

The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and objectives, allowing the program manager maximum flexibility to develop innovative and cost effective solutions. The principles of acquisition streamlining (DoD Directive 5000.43, reference (pp)) and design-to-cost (DoD Directive 4245.3, reference (gg)) should be emphasized during this phase.

c. Milestone II - Full Scale Development Decision.

The Milestone II decision approves proceeding with the Full Scale Development (FSD) phase. As appropriate, Low-Rate Initial Production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II review should occur before the release of the final Request for Proposals (RFP) for the FSD contract.

Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved operational suitability and effectiveness; 2) need for a new development program versus buying or adapting existing military or commercial systems; 3) program risk versus benefit of added military capability; 4) planning for the transition from development to production which will include independent producibility assessments; 5) realistic industry surge and mobilization capacity; 6) factors which impact program stability; 7) potential common-use solutions; 8) results from prototyping and demonstration/validation; 9) milestone authorization; and 10) manpower, personnel, training and safety assessments.

The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the Program Baseline agreement between the DAE, the SAE, and the program manager. The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoDD 4245.7, reference (mm)).

d. Milestone III - Full Rate Production Decision.

The Milestone III decision approves proceeding with the Full-Rate Production/Deployment phase or Construction. If the magnitude of the program is sufficiently large and/or the time between the beginning of Low-Rate Initial Production and Full-Rate Production is significantly long, there may be a need for a Program Review or a Milestone IIIA, after the initial Milestone III.

Primary considerations in the DAB's deliberations are: 1) successful completion of operational test and evaluation; 2) threat validation; 3) production or construction cost verification; 4) adequacy of funding; 5) the production and deployment schedule; 6) reliability and maintainability; 7) producibility as verified by an independent assessment (DoDD 5000.38, reference (rr)); 8) realistic industry surge and mobilization capacity; 9) logistics support; 10) multiyear procurement or milestone authorization; and 11) manpower, personnel, training and safety requirements.

e. Milestone IV - Logistics Readiness and Support Review.

The Milestone IV decision identifies actions and resources needed to ensure operational readiness and support objectives are achieved and maintained for the first several years of the Operational Support phase. The Milestone IV review will normally occur 2 to 3 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) logistics readiness and sustainability (peacetime and wartime); 2) weapon support objectives; 3) the implementation of integrated logistics support plans, per DoDD 5000.39 (reference (q)); 4) and the capability of logistics activities (i.e. supply, transportation, etc.), facilities, and training and manpower to provide support efficiently and cost effectively.

f. Milestone V - Major Upgrade or System Replacement Decision.

The Milestone V decision encompasses a review of a system's or facility's current state of operational effectiveness, suitability, and readiness to determine whether major upgrades are necessary or deficiencies warrant consideration of replacement. This milestone decision normally will occur 5 to 10 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) capability of the system or facility to continue to meet its mission requirements; 2) the potential necessity of modifications and upgrades to ensure that mission requirements are met and that the useful life is extended; 3) changes in threat that require increased capability or utility; and 4) changes in technology that present the opportunity for a significant breakthrough in system worth. A significant question to be decided at this point is whether deficiencies are critical enough to warrant retirement and/or new start considerations.

D. PROCEDURES

1. Major Defense Acquisition Program Designation. The criteria for designation of certain acquisition programs as either Category I or Category II major programs is set forth in reference (b). The Defense Acquisition Board (DAB) Executive Secretary may recommend candidate programs to the DAE at any point in the acquisition process. The DAB Executive Secretary is authorized to withdraw the designation of "Category I major defense acquisition program" when circumstances so dictate, but shall advise the DAE before taking such action.

2. Major Defense Acquisition Program Listings. The DAB Executive Secretary shall maintain and distribute a list of currently designated Category I and Category II major defense acquisition programs at least quarterly. This list shall also identify the cognizant DAB acquisition committee for each Category I program.

3. DAB Milestone and Program Reviews. The DAB chair will normally convene formal reviews at Milestones 0, I, II, III, IV, and V. If the Program Baseline is breached, the DAE shall be notified by the program manager and the DAE will decide whether or not a program review will be required. The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when there are no significant issues. The DAE will prepare the Acquisition Decision Memorandum (ADM) and execute the decision through the Head of the appropriate DoD Component.

4. Pre-DAB Activity.

a. Milestone Planning Meeting. An informal milestone planning meeting to identify program issues will normally be held by the cognizant Committee chair, or his designee, before Component submission of draft documentation. The chair should ensure the participation of members of other acquisition committees having an interest in the program.

b. Draft Program Documentation. Required draft documentation shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three months before a DAB Committee review. The OSD action officer shall ensure that copies are made available to DAB members and appropriate DAB Committee members. The DAB chair shall transmit formal comments to the DoD Component two months before the scheduled DAB meeting. Every effort shall be made through the Committee process to reach consensus on issues before the DAB meeting.

c. Final Documentation Update. A final update shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three weeks before a scheduled DAB meeting.

d. Component Staff Briefings.

The chair of the cognizant DAB acquisition committee is responsible for identifying and reaching consensus on issues, developing recommendations, and highlighting significant program issues to be addressed during DAB deliberations.

In support of this, Component staff briefings shall be provided not later than three weeks before a DAB Committee meeting: 1) on the overall program status to the cognizant DAB Committee; 2) on the independent cost estimate to the OSD Cost Analysis Improvement Group (CAIG); 3) on test activity results and plans to the Director, Operational Test and Evaluation (DOT&E); 4) on acquisition strategy and transition from development to production or construction planning to the ASD(P&L); and 5) on readiness and support planning to include manpower, personnel training requirements to the Director, Weapons Support Improvement Group (DWSIG).

If requested by the cognizant Committee chair, additional briefings shall be conducted on specified subjects, such as chemical or nuclear survivability and endurance.

5. DAB Meetings. The DAB Executive Secretary will present the Committee's report and discuss the unresolved issues. DAB members are responsible for participating in these issue discussions and providing any additional information relevant to the matter being discussed. Following these presentations, the DAB members will develop and present recommended findings to the DAE. The DAE will present the recommendations of the DAB to the Secretary of Defense for his approval before the formal issuance of the Acquisition Decision Memorandum (ADM).

6. Post-DAB Activity: Acquisition Decision Memorandum (ADM).

The ADM shall normally be issued to the Head of the DoD Component within 10 days following the DAB meeting.

The ADM documents the Secretary of Defense milestone decision, including approval of: 1) goals and thresholds for cost, schedule, performance, and readiness and supportability; 2) exceptions to the normal acquisition process; and 3) other appropriate direction. The ADM may also be used to document a Secretary of Defense decision on a joint or OSD and OJCS Mission Need Statement.

The DAE will issue the ADM and execute the decision through the Head of the appropriate DoD Component. The DAB Executive Secretary will prepare and coordinate the ADM to reflect goals and thresholds. Updated program direction resulting from Program Baseline breaches, following a special review of the breached program by the DAB, shall be provided by an amended ADM.

Programming and budgeting decisions that may invalidate a Milestone decision or other ADM direction, or breach an approved Milestone II or III Program Baseline shall be immediately highlighted by DoD Component Heads to the DAE for explicit consideration of the impact on military capability and total acquisition resource requirements. In addition, the DoD Component Heads shall explain and justify to the DAE differences in quantity and funding between the Program Baselines and the program or budget under review.

E. PROGRAM DOCUMENTATION.

Program documentation for Category I major defense acquisition programs shall be in accordance with the procedures below and in the format prescribed in the enclosures to this Instruction. Data elements shall be standardized in accordance with DoD Directive 5000.11 (reference (f)) and DoD 5000.12-M (reference (g)). The objective of this documentation is to provide only the information essential for decision making. A written justification statement shall be submitted by the DoD Component to the DAB Executive Secretary in the event that a scheduled DAB Milestone review is delayed by more than 90 days.

1. DAB Program Documentation.

a. Milestone 0 - Mission Need Statement (MNS). New major acquisitions are considered concurrent with the OSD Program Objective Memorandum (POM) review on the basis of justifications provided by DoD Components. A MNS document is required when the new major defense acquisition program is expected to meet the dollar threshold criteria in DoD Directive 5000.1 (reference (b)). The MNS shall be submitted to the DAE with or before the POM submission in which funds are requested for a new major defense acquisition program. The results of the Mission Area Analysis required by DoD Directive 5000.1 shall provide the basis for documenting the mission need. Approval of the MNS is documented by the ADM. The DAE will approve the issuance of a Program Element Number for the new major defense acquisition program in coordination with the ASD (Comptroller). If a MNS is not approved, the proposed acquisition shall not be funded. See Enclosure 2 for the MNS format.

b. Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP).

Purpose. The SCP is used to summarize the results of the Concept Exploration/Definition phase; to describe the DoD Component's acquisition strategy, including identification of the best concepts to be carried into the Concept Demonstration/Validation phase for further development, and reasons for elimination of alternative concepts; and to establish broad program cost, schedule, and operational effectiveness and suitability goals and thresholds to be met and reviewed at the next milestone. See Enclosure 3 for SCP format. The purpose and content of the TEMP is described in DoD Directive 5000.3 (reference (e)).

c. Milestone II - Decision Coordinating Paper (DCP)/ Updated TEMP.

Purpose. The DCP is used to summarize the results of the Concept Demonstration/Validation phase; to identify program alternatives; and to establish explicit program cost, schedule, and operational effectiveness and suitability goals and thresholds. See Enclosure 4 for DCP format. The TEMP is updated in preparation for Milestone II.

d. Milestones I and II - Cost and Operational Effectiveness Analysis (COEA) Report.

Purpose. A Cost and Operational Effectiveness Analysis report for all Category I major defense acquisition programs shall be provided to the DAB, along with a draft SCP or DCP, to support Milestone I and Milestone

11. The COEA report will assess the operational effectiveness and suitability of proposed concepts, as defined in DoDD 5000.1, in the context of the specific tasks addressed in the DoD Component's mission area analysis. In the case of cooperative projects, the full costs of the proposed MOUs shall be included in the COEA report.

e. Milestone I and II - Common-Use Alternatives Statement.

Purpose. During DAB review of Service-unique programs, the SAE must provide to the DAE a statement and supporting analysis regarding the feasibility of common-use alternative systems. This information, along with an independent assessment of the SAE's statement and supporting analysis by the OJCS, shall be considered by the DAE when making a recommendation to the Secretary of Defense.

f. Milestone III - Updated Decision Coordinating Paper (DCP)/ Updated TEMP.

Purpose. In preparation for Milestone III, the DCP is updated to describe program changes since Milestone II and to propose goal and threshold revisions, if appropriate. The TEMP is also updated in preparation for a Milestone III.

g. Milestones IV and V - Updated Decision Coordinating Paper (DCP).

Purpose. In preparation for Milestones IV and V, the DCP is updated to describe program status, changes, and issues.

h. Milestones O, I, II, III, and IV - Program Baseline.

Purpose. The Program Baseline is a formal agreement between the DAE, the Service Acquisition Executive (SAE), and the program manager that briefly summarizes the program's functional specifications, cost, schedule, and operational effectiveness and suitability requirements, and other factors critical to the program's success. Once signed, this agreement cannot be changed without approval of the DAE. A Development Baseline is established at Milestone II and a Production Baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the Program Baseline, the program manager is given full authority to manage the program. The Program Baseline is further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (11)).

The MNS shall serve as the Program Baseline at Milestone O for the Concept Exploration/Definition phase. Annex B of the SCP shall be attached to the ADM and becomes the Program Baseline at Milestone I for the Concept Demonstration/Validation phase.

i. Additional requirements for information to be considered by the DAB chair, beyond that required by this instruction, shall be issued only by the DAB chair.

2. Congressional Documentation Requirements

OUSD(A)/PO-ASM Draft July 14, 1987

The DAB will assure the following legislatively mandated documentation requirements are reviewed for accuracy and are executed in a timely manner.

a. Milestone I - Competitive Prototyping Strategy (CPS).

Purpose. During the development of all major defense acquisition programs, the Secretary of Defense requires the use of CPS. A CPS is defined as a strategy that requires that contracts be entered into with not less than two contractors, using the same combat performance requirements, for the competitive design and manufacture of a prototype system or subsystem for developmental test and evaluation. In addition, a CPS requires that all systems so developed be tested in a comparative side-by-side test. No document is required if a CPS is planned. If a CPS is not planned, the Secretary of Defense must submit written notification and a report to the Congress detailing why a CPS would not be practicable.

b. Milestones II and III.

(1) Independent Cost Estimate (ICE).

Purpose. The ICE is an estimate of program cost developed by an independent Service office. This Service report must be reviewed by the OSD Cost Analysis Improvement Group (CAIG) and the results of the CAIG review submitted to Secretary of Defense before Milestone II or III approval for all major defense acquisition programs (DoDD 5000.4, reference (k)).

(2) Manpower Estimate Report.

Purpose. The Manpower Estimate Report is an estimate of the total number of personnel (military, civilian, and contractor) required to operate, maintain, support, and train for the program upon full operational deployment. The report must also address any increases in personnel end strengths required for full operational deployment and deployment options in the event such increases are not authorized. This report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Senate and House of Representatives Armed Services Committees at least 90 days in advance of Secretary of Defense approval at Milestones II and III for all major defense acquisition programs.

(3) Acquisition Strategy Report (Competitive Alternative Sources).

Purpose. The Acquisition Strategy Report describes the major defense acquisition program strategy that provides for the availability of competitive alternative sources throughout the period from the beginning of full-scale development through the end of production. For all major defense acquisition programs, this report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Committees on Armed Services of the Senate and House of Representatives. Submittal must occur not later than the date of submission of the President's Budget for the fiscal year in which the initial request is made for appropriations for FSD or production, whichever is the earliest. Congress must be notified of revisions to the report and the revision cannot be implemented until 60 days after Congressional receipt of the revision.

(4) Low Rate Initial Production Report.

Purpose. The LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat, prepared by the DOT&E. This report is provided by the DOT&E to the Secretary of Defense, DAE, and the Senate and House of Representatives Committees on Armed Services and Appropriations before the ADM is signed documenting approval to proceed beyond LRIP for all major defense acquisition programs (DoDD 5000.3, reference (e)).

F. RESPONSIBILITIES

1. DAB Executive Secretary. Designated by the DAB chair, the DAB Executive Secretary shall:

(a) Identify, for DAE approval, programs to be designated as Category I and Category II major defense acquisition programs; schedule reviews; and maintain and distribute, at least quarterly, status reports concerning DAB actions;

(b) Make administrative arrangements for meetings and control attendance in DAB reviews;

(c) Staff and coordinate the MNS;

(d) Assure final list of DAB issues is forwarded to the appropriate SAEs following the Committee pre-DAB review session;

(e) Present the Acquisition Committee's report to the DAB and discuss any unresolved issues;

(f) Prepare and coordinate the ADM with DAB principals;

(g) Document DAB recommendations to the Secretary of Defense and prepare final ADM to the Services for DAE signature; and

(h) Maintain a central reference file for current program documentation.

2. OSD Action Officers. The DAB Committee chairs shall appoint action officers to be the lead staff officials in the DAB process for each Category I major defense acquisition program. The Component's acquisition staff shall support the OSD action officer in the performance of the following duties:

(a) Coordinate DAB issues and DoD Component positions;

(b) Conduct planning meetings;

(c) Process, as appropriate, the IP and DCP;

(d) Process the Program Baseline agreement;

(e) Ensure that all staff reports are compiled and distributed in preparation for DAB Acquisition Committee reviews;

(f) Ensure that comments and recommendations from all OSD offices on DAB and program review-related documents are integrated into one coherent set of views and issues; and

(g) Develop the Committee findings for presentation to the DAB."

G. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. DoD Components shall forward one copy of implementing documents to the Under Secretary of Defense for Acquisition within 30 days.

Enclosures - 4
1. References (Continued)
2. Mission Need Statement (MNS) Format
3. System Concept Paper (SCP) and Decision Coordinating Paper (DCP) Formats
4. DAB Acquisition Committee Chart

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

RESERVE AFFAIRS

July 20, 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR ACQUISITION SYSTEMS MANAGEMENT

SUBJECT: DoD Instruction 5000.2 (Defense Acquisition Program Procedures)

The following comments are provided in response to your request of July 14, 1987:

1. Paragraph C.5.c, d, e, and f. A primary consideration at each milestone should be the disposition of displaced equipment. This is critical at Milestones IV and V where logistics and supportability considerations are reviewed. I recommend that displaced systems be added as a primary consideration at these milestones.

2. Paragraph D.4. third subparagraph. It is recommended that "Displaced systems" be added as a specified subject for which additional briefings can be requested. I believe that unless displaced system impacts are specifically addressed in these instructions they will be overlooked and become subsequent problems.

3. Paragraph E.2.b.(2). Change second sentence to read, "The report must also address any increases in personnel and strengths required for full operational deployment, displaced system deployment, and deployment options in the event such increases are not authorized." Reason: To ensure that displaced system requirements are addressed.

4. Enclosure 4. I recommend that the Office of the Assistant Secretary of Defense for Reserve Affairs be a designated member of appropriate acquisitions committees such as the Production and Logistics, Installation Support and Military Construction, and International Programs committees. Reason: All new systems impact Reserve Component forces and should be considered during development, production, and fielding phases of new systems development and acquisition.

I appreciate the opportunity to comment on your proposed revision. My point of contact is Colonel James Kulas at extension 51677.

John B. Rosamond
John B. Rosamond
Deputy Assistant Secretary of Defense
(Guard/Reserve Materiel and Facilities)

RA#87-0763

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

JUL 22 1987

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION

SUBJECT: Review of Draft DoD Instruction 5000.2, "Defense Acquisition Program Procedures" - Interim Response

This is to advise you that we are expediting a review of the subject draft and will respond to you as soon as possible.

Since we previously nonconcurred with the earlier draft, it is essential that we carefully review the current version to determine if the issues we raised supporting our position have been resolved. In this connection we need copies of the four enclosures listed on Page 11 of the draft. The enclosures were missing from the draft you sent to us.

If you have any questions regarding this matter, please contact me or Mr. Frank Brandon, Office of the Deputy Inspector General for Program Planning, Review and Management, 693-0678.

SIGNED

Richard D. Lieberman
Deputy Inspector General
Program Planning, Review and Management

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

AUG 7 - 1987

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION

SUBJECT: Draft DoD Instruction 5000.2, "Defense Acquisition Procedures"

We have reviewed the subject draft and do not concur. A number of significant recommendations, based on the "Audit of the Effectiveness of the Defense System Review Council (DSARC) Process--Phase II (Report No. 85-104, July 26, 1985) and Phase III (Report No. 87-166, June 3, 1987)" have not been included in the draft. The recommendations in the audit reports were concurred in by your office and are subject to verification through the audit followup process under the provisions of DoD Directive 7650.3. Additionally, a number of other comments submitted in our response to the previous draft were not included. Our comments on design-to-cost parameters relate to recommendations of OIG Report No. 87-109, April 2, 1987, which have been recently referred for resolution action.

Although the revised draft is an improvement over the previous version, there is still a lack of emphasis on strong documentation in the Defense Acquisition Board process and the need for baseline documentation when systems are designated as major, subsequent to Milestone I. Our specific comments are attached (enclosure).

If you have any questions regarding the enclosed comments, please contact me or Mr. Frank Brandon, Office of the Deputy Inspector General for Program Planning, Review and Management, 693-0678.

Derek J. Vander Schaaf
Deputy Inspector General

Enclosure

cc: Mr. Vann - AFU
Mr. Reed - AUD

INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

COMMENTS ON
DRAFT DOD INSTRUCTION 5000.2

1. Summary Report recommendation on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--Phase II. (Report No. 85-104, July 26, 1985.)

Recommendation No. A.2.

"Amend DoD Instruction 5000.2 to specify the types of program documentation required for submission to the DSARC when a major system has progressed beyond Milestone I prior to entering the DSARC process."

In keeping with the above audit recommendation, we suggest that the following subparagraph be added to paragraph E.1. on page 8 of the draft.

"j. If a program becomes designated as a major acquisition after it has progressed beyond the end of the concept definition phase, thus precluding conduct of a Milestone I review, the DAB chair will require the DoD component to submit the documentation normally required for Milestone I (System Concept Paper/Test and Evaluation Master Plan) within 60 days. The DAB chair will review the documentation and provide comments to the DoD component or schedule a program review if necessary. This documentation will serve as the Program Baseline for the Milestone II review."

2. Summary Report recommendations on the Audit of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process--Phase III (Report No. 87-166, June 3, 1987).

a. Recommendation A.1:

"Clearly distinguish between operational thresholds and technical thresholds and the need for both."

In keeping with the above audit recommendation, we suggest that the following paragraphs be added to section C, "DEFINITIONS," on page 2 of the draft.

"6. Operational Performance Thresholds. Development objectives that quantify the degree of mission accomplishment required in a new system acquisition to be effective in its intended environment. In general, operational performance thresholds should be defined in terms of a statement combining a quantified probability of success of completing a specific mission task within a certain timeframe. For example, the probability-of-kill of a gun or missile firing under combat conditions would be one important quantifiable operational performance threshold. For a strategic command and control system, a quantifiable operational performance threshold might be the probability of completing a reinforcement plan within a number of hours."

"7. Technical Performance Thresholds. Development objectives that quantify technical measures of the system's physical characteristics and capabilities achievable in a laboratory environment. Technical thresholds are specifications like weight, speed, and range."

b. Recommendation A.2:

"Clarify the types of operational characteristics to be documented at Milestones I and II so that operational testing can be made and the test results can be assessed at the next milestone review."

As for the above audit recommendation, we suggest that the following sentence be added to the second sentence in E.1.b, "Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP)," page 7:

"Operational thresholds that measure system performance by typical users in the intended mission and environment should be devised and quantified. Examples are provided in Annex B. Operational thresholds should be distinguished from technical thresholds in that they relate solely to mission performance and not to design characteristics like speed, maximum range, and rate-of-fire."

The following sentence should be added to the second sentence in E.1.c, "Milestone II - Decision Coordinating Paper (DCP)/Updated TEMP," page 7:

"The operational thresholds should be developed using the same criteria as those developed for the SCP."

c. Recommendation A.3:

"Include examples of operational performance thresholds that would be appropriate for communication, aircraft, electronic, and other systems that are being developed for missions other than direct fire on enemy targets."

With respect to this audit recommendation, we suggest that the following words be added to "ANNEX B: GOALS AND THRESHOLDS," under "PERFORMANCE, Operational."

"Probability of loss-exchange ratio"

"Probability of completing a reinforcement plan in a time period"

"Probability of air transporting a number of ton-miles of cargo over a time period"

3. Report on the Survey of the DoD Applications of Design-to-Cost Principles (Report No. 87-109, April 2, 1987).

Recommendations 1.a. and 1.b:

"Require the Services to establish design-to-cost flyaway cost parameters and operating and support parameters on major weapon systems, and document these parameters in the System Concept Papers and Decision Coordinating Papers submitted to the (JRMB)."

In keeping with these recommendations (which have been recently referred for resolution action), suggest the following changes:

a. Under paragraph F.2. "OSD Action Officers," page 10, expand subparagraph (c) as follows:

"(c) Process, as appropriate, the SCP and DCP, ensuring that all format requirements and documentation are complete."

b. Under Enclosure 3, "Format for SCP and DCP," paragraph 10, Acquisition Strategy," page 3-2, insert reference to design-to-cost as follows:

"Emphasize program structure. Discuss the development and status of Design-to-Cost parameters. Address specifically competition, contracting, and acquisition streamlining for all phases...."

4. Review of the current draft, dated July 14, 1987, disclosed that the following comments submitted in our memorandum of June 15, 1987 were not included:

a. References, Page 1. The title of DoD Directive 5000.1 in Reference (b) should be "Defense Acquisition Systems."

b. Paragraph D.4.a., Page 5. Timing reference for the informal milestone planning meeting is vague and open to interpretation. A specific timeframe should be added.

c. The previous draft (May 7, 1987) included a subparagraph D.7, on page 6 that referenced Threat Definition and Defense Intelligence Agency (DIA) validation of intelligence used by components. The current version deletes the reference to Threat Definition and DIA validation except in Enclosure 2. No specific reference is made to DIA 55-3 or the System Threat Assessment Report. Since most weapon systems are threat driven, the absence of the definition and validation requirement in the Instruction text is substantive. Recommend the subparagraph be reinstated.

d. Enclosure 1, Page 1-1. Add Defense Intelligence Agency Regulation 55-3, Page 101, System Threat Assessment Report, as a reference.

e. Enclosure 3, Paragraph 9, Page 3-2. Expand the second sentence to read: "Discuss system and subsystem prototyping considerations and reference the approach and methodology employed in identifying and assessing technological risk areas."

(This change is based on agreed-upon recommendations in a GAO Report, OSD Case No. 6858).

5. The revised draft does not discuss the August 21, 1986 Program Decision Memorandum (PDM) which covered funding policy for joint major system acquisitions. The PDM established the requirement to transfer all joint program research and development funding to the lead Service. Research and development funds programmed to meet unique Service integration and other requirements, as well as all procurement funding, was to remain in each Service.

ASSISTANT TO THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-7200

(INTELLIGENCE
OVERSIGHT)

July 21, 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(ACQUISITION SYSTEMS MANAGEMENT)

SUBJECT: DoD Instruction 5000.2

Reference: Your memorandum of 14 July 1987, same subject

In response to the reference, this office has no comment to submit concerning the proposed revision to subject instruction.

for Werner E. Michel

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C 20301-1800

OFFICE OF
THE DIRECTOR
PROGRAM ANALYSIS
AND EVALUATION

July 28, 1987

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (ACQUISITION)

SUBJECT: Further Comments on DoDI 5000.2

I have two minor suggestions to make in addition to those already forwarded to you on July 23, 1987, Subject: Comments on July 9 draft of 5000.1 and July 14 Draft of 5000.2.

The sequence of Milestone IIIA prior to Milestone III, may be confusing. I would recommend the use of Milestone IIA after Milestone II, if required, for a necessary review prior to the Milestone III (Full Rate Production decision) review. Milestones after Milestone III would be identified as Milestones IIIA, IIIB, etc. Thus, Milestone II would always refer to the Full Scale Development decision and Milestone III, the Full Rate Production decision.

The Integrated Program Summary (IPS), which is a requirement of the current DoDI 5000.2 and contains guidance on the Cost and Operational Effectiveness Analysis (COEA), has been deleted in the draft revised DoDI 5000.2. I have no objection to the deletion of the IPS, but would like the COEA paragraph to be added to Enclosure 3, Format for System Concept Paper (SCP) and Decision Coordination Paper (DCP) of the revised DoDI 5000.2.

Attached you will find specific wording for the suggested changes.

Charles R. Roll J.
Charles Robert Roll, Jr.
Principal Deputy

Attachment

RECOMMENDED CHANGES TO DODI 5000.2 DRAFT DATED 14 JULY 1987

Page 3: Add at end of first paragraph of section C.5.c. (Milestone II - Full Scale Development Decision:

"If the time between the beginning of Low-Rate Initial Production and the Full-Rate Production Decision (Milestone III) is significantly long, there may be a need for a Milestone IIA after Milestone II to authorize additional low-rate production quantities."

Page 4: Delete second sentence of first paragraph of section C.5.d (Milestone III - Full-Rate Production Decision) and replace with the following:

"The Milestone III decision may authorize full-rate production as recommended, or after specified conditions are satisfied. If full-rate production is delayed until conditions are met, interim less-than full-rate production, if warranted, may be approved at the Milestone III decision.

Additional Milestone III decisions (e.g. Milestone IIIA, IIIB, etc) may be used if the magnitude of the production program is sufficiently large, or if significant configuration changes are planned. If the Milestone III decision addresses only a portion (e.g. Block A) of a program, the milestone will be specifically identified as "Milestone III - Block A," and any subsequent decision on remaining portions will be identified as "Milestone III - Block B, C, etc".

Note: Annex A (Program Structure Example) to Enclosure 3 to DODI 5000.2 should be appropriately adjusted to reflect the above changes.

Page 3-2: Enclosure 3, Add after Paragraph 10:

"Summarize the assumptions, methodology, status, and results of any cost-effectiveness analyses prepared in support of the milestone decision. This section shall contain specific discussions of those aspects of the analyses that relate to the issues identified at the milestone planning meeting. If the analysis supporting the recommended milestone decision is not complete at the time the SCP/DCP is submitted, describe the analytical and coordination tasks remaining and provide a schedule for completion of the analysis before the scheduled DAB meeting.

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1800

July 23, 1987

DIRECTOR
PROGRAM ANALYSIS
AND EVALUATION

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (ACQUISITION)

SUBJECT: Comments on July 9 draft of 5000.1 and July 14 Draft of 5000.2

Dick—

I very much appreciate the opportunity of commenting on the revised drafts.

Obviously, as I argued in my original coordination comments (Tab A), I would still prefer that you use 5000.1 and 5000.2 to establish firmly the "teeth" of the acquisition system--and that those teeth include review of Requests for Proposal before circulation to industry, and review by you of source selection decisions before these are final, among other features.

The new drafts do not take this approach. They provide a philosophical framework, and I'm told that instructions on specifics will follow. That's obviously an alternative way to proceed, but I don't think that anyone can fairly judge the package without seeing the specifics, in addition to the philosophical framework. I'd urge that you circulate those specifics for comment before the Secretary is asked to make a decision on these documents.

I would be especially interested in your plans for Cost and Operational Effectiveness Analyses (COEAs). They are central to our ability to judge whether the reasonable alternatives have been considered, and whether the recommended alternative is worthwhile. The July 14 draft of 5000.2, for example, offers virtually no guidance on the purpose or desired content of COEAs.

Tab B provides detailed comments on the July 14 draft of 5000.2. Additional comments on specific wording, the annexes, etc., are provided at Tab C.

I also note that a revised draft of 5000.49, which deals (among other subjects) with the issue of membership on the Defense Acquisition Board, has not yet been circulated for comment. It should be part of the package, too. As before, I strongly believe that USD(P), ASD(FM&P), D(OT&E), and I should be members. You have courteously included us in the deliberations of the DAB during this interim period, and I think you will agree that all four offices have played a vigorous role in the meetings that have been held thus far. Often, the central issues of the meeting have involved just these offices. For the effective acquisition system you have in mind, and to ensure that the Department handles the issues involved in a coherent manner, I believe these offices need to be members.

Dave
David S. C. Chu

Attachments

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1800

June 8, 1987

DIRECTOR
PROGRAM ANALYSIS
AND EVALUATION

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

SUBJECT: Comments on Draft DoD Directive 5000.1, Draft DoD Instruction 5000.2, and Proposed Charter for the Defense Acquisition Board

Jack —

I very much appreciate the opportunity of commenting on the drafts.

Two significant problems concern me. First, I fear that the drafts do not give sufficient "clout" to the proposed acquisition system. Second, in some respects they create a system that would operate detached from the rest of the Department. The remainder of this memorandum details my concerns on both points, and offers suggestions for dealing with them.

Giving the Acquisition System Sufficient "Clout"

1. Should USD(A) (and/or the DAB) review Requests for Proposal (RFPs)? After six years of observing the former acquisition system at work, I am convinced that we should change the present practice of only occasionally reviewing RFPs for major systems before they are issued. The RFPs define the choices that are available for the DAB to consider. Under prior practice, RFPs were only reviewed when rumors reached us that the provisions unduly constrained the choices, or slanted the choices in a direction inconsistent with prior direction. I would suggest requiring RFPs to be forwarded for review 30 days before planned release, if a DAB meeting on the system is not planned. If a DAB meeting is planned, then submission should be early enough to give the appropriate DAB committee sufficient time to conduct a review.* As part of the submission, it may be helpful to require a written statement from the Service Acquisition Executive that the RFP complies with all acquisition decision memoranda in force.

2. Should the USD(A) review source selections? In my judgment, you strengthen policy compliance substantially if a decision is reviewed before it becomes a fait accompli. For this reason, I believe that a process by which the USD(A) reviews source selection for major systems should be included. Such a review should be accomplished after the Service Acquisition Executive makes his decision, but before any announcements are made. (I would not involve the entire DAB.)

---

* In this regard, I think it would be mistaken--as Section E.6.c.(1) of draft 5000.1 (p. 7) now does--to insist that Milestone II always be held before release of the final RFP. In some cases, it may be more useful to hold Milestone II with the proposals available for review, to help provide information on technical feasibility and likely costs. Holding the Milestone II meeting later, however, would not (under the formulation I suggest here) remove the requirement for an RFP review.

3. Should the nuclear component of weapon systems be included in the acquisition process? Although nuclear programs have traditionally been included in major acquisition reviews at Milestone II when they are components of a major program (Sea Lance, SRAM II, Peacekeeper, TRIDENT II, etc.), the initial phases of these nuclear programs have not been included historically in the formal major acquisition process. Additionally, nuclear bombs and artillery fired atomic projectiles have been excluded from the process since their DoD development and acquisition costs are normally well below established thresholds--even though DOE acquisition costs are substantial.

I do not believe that we can justify continuing these practices of the past, especially in light of the report of the President's Blue Ribbon Task Group (BRTG) on Nuclear Weapons Program Management. That report, as you're aware, recommended both higher visibility for nuclear weapons programs in general, and the specific inclusion of nuclear gravity bombs and artillery fired atomic projectiles in high level management acquisition reviews when their DOE costs exceed established thresholds.

Detailed recommendations are provided in the attachment (pp. 6-7) for including the nuclear component of weapon systems in the acquisition process.

4. Should operating and support issues be given more emphasis? In the past, manpower issues specifically, and operating and support issues generally, received very little attention in the review of major systems. Yet, as you are aware, these issues often have far more influence on the eventual cost and performance of a system than many of the hardware concerns that so frequently absorb our time and attention. I believe that your commitment to insisting that these issues be raised and considered at early stages should be prominently featured in the new 5000.1 and 5000.2; one suggestion is offered in the attachment to achieve this (p. 4) and others might come from Bob Costello and Chapman Cox.

5. Should mobilization/surge issues be considered in major system reviews? In the past, little attention has been paid when a system is being developed as to how we might step up production significantly beyond peacetime levels in a crisis or a war. As a result, we are often fielding systems for which such a production surge would be difficult and time consuming. I believe that the new directives need to signal that you will be considering this question in the future, especially at the Milestone II review.

6. Should associated communications issues, including communications security, be considered explicitly at Milestone reviews? In the past, we have tended to treat communications items as separate systems (or as an afterthought). Within communications systems, communications security has frequently been viewed as an "add on." Perhaps it is time to change both practices; if so, the drafts need to be amended accordingly. You might wish to invite Don Latham to offer a "straw man" for consideration.

7. Should each major system review feature a decision as to whether the item should be considered for the Defense Enterprise Program, and for milestone authorization? In light of Public Law 99-661, I believe the DAB should have this question as an explicit item on the agenda at Milestones I-III. (This is also one of several ways in which actions by the DAB relate to

events in the Planning, Programming and Budgeting System, on which more discussion is offered in the next Section "Integrating the DAB with the rest of the Department.")

8. Are we giving sufficient emphasis to Cost and Operational Effectiveness Analyses? In the past, we have had a mixed track record on insisting that these analyses be performed, and on considering them thoughtfully at the appropriate time in a system's life cycle. Yet, as I believe you agree, these analyses are fundamental to the basic decisions before the DAB, especially at the early stages of a system: Should the system proceed, and should it proceed as proposed? The draft 5000.1/5000.2 do not do much to encourage an improved track record, and may even allow some backsliding. I would strongly urge that they be strengthened; suggestions are offered in the attachment (pp. 4-5).

9. Should DAB members receive "quick look" test reports? One problem in monitoring the progress of major systems is the long lag between tests and their reporting. At least one of the Military Departments has solved this problem by requiring "quick look" reports. You may wish to consider whether this should be a standard practice, and--if so--whether the members of the DAB should also receive them.

Integrating the Acquisition System with the Rest of the Department

1. Membership of the DAB. As you know, I believe the proposed membership of the DAB is too restricted. In particular, I believe that I should be a member, and that the Director of Operational Test and Evaluation should be a member. Likewise, because I believe (as I think you do) that manpower issues should receive more attention, the Assistant Secretary of Defense (Force Management and Personnel) should also be included. Finally, at least for the issues in which he has an interest, I believe that the Under Secretary of Defense for Policy should be invited to attend.

Exclusion of these offices from the DAB will soon, I fear, result in additional factions developing in the Department. If their views are not considered in the DAB, the heads of these offices will soon be transmitting their views on DAB issues directly to the Secretary. Thus, you will shortly have a system in which a variety of offices will be "second guessing" the USD(A)--and in considerable detail.

I believe that you want the heads of these offices working with you and the DAB, rather than potentially at cross-purposes to you, and therefore believe that they should be included as members.

I know from our conversations that you would like to keep the DAB as small as possible. You could compensate for these four additions by deleting the proposal in the present draft to make the Director, Plans and Resources, Program Operations, a member; and by deleting the proposal to make the Director, Developmental Test and Evaluation, a member. Both these officials report to you, and I presume that you will have their advice available as you prepare for DAB meetings in any event.

You can also help meet your objective of a small meeting by insisting that principals only can attend.

While I would be quite willing to report at DAB meetings on the results of independent cost analyses by the Cost Analysis Improvement Group (CAIG), you may wish to consider maintaining the practice that the CAIG is a technical advisor to the DAB (although not a member). The CAIG chairman could then be invited to meetings when the CAIG report is involved to a substantial extent in a significant issue (or is, itself, the issue).

2. Approval for new starts. The draft 5000.1/5000.2 encourage the approval of new starts outside the Planning, Programming and Budgeting System (PPBS), in which the Department's resource allocation decisions are made. This is likely to lead to a situation where new starts are reviewed and "approval" decided twice: once in the DAB, and later in the DRB. We should have an integrated process, in which DRB decisions on future budgets benefit from DAB advice. Suggested language to accomplish this objective is provided in the attachment (p. 1).

3. Milestones IV/V and PPBS. While these milestones are new, they should also be linked to PPBS decisionmaking. This implies approval by the Secretary/Deputy Secretary, based upon widely coordinated recommendations from the DAB. Suggested language to ensure this result is provided in the attachment (pp. 2-3).

4. Changes in baselines. These can involve substantial resources. To ensure proper interface with PPBS decisionmaking, approval to change the baseline for major systems should require review by the Secretary/Deputy Secretary of Defense. (See the attachment, pp. 7-8).

5. Manpower estimate report. The draft 5000.2 implies that oversight of this report is the responsibility of the USD(A). I believe that primary responsibility more properly belongs with ASD(FM&P). (Congress' interest in this report is another reason arguing for ASD(FM&P)'s membership on the DAB.)

6. Cooperative programs. There is relatively little in the draft documents on cooperating with our allies in the development of future weapon systems. In light of the strong backing that the Administration and the Congress have given to cooperative programs, this is unfortunate. (It is also one of the reasons that I believe the Under Secretary of Defense for Policy should be a member of the DAB, or at least invited to those sessions in which he has an interest.)

Detailed Comments

Further detail on some of the points covered in this memorandum, together with other comments on the draft documents, are provided in the attachment. We would welcome the opportunity of working with your staff on the revised versions.

Support to the DAB by PA&E

Permit me in this memorandum to address directly an issue that some have raised, and that may account for some of the provisions in the draft documents to which I object: that is, can PA&E provide analytic and cost support to the DAB, even though it is not part of the USD(A) organization? I believe it can, and am prepared to ensure that any analytic task you assign is promptly and responsively carried out. Even more important, I am prepared to provide oversight of these areas for the DAB, i.e., it would not require specific requests from you to "get the job done."

I believe we have already established a track record on this point. Since last fall when you arrived as USD(A), the CAIG has prepared 11 cost reports on major systems to support JRMB/DAB meetings. And I have endeavored in these same meetings to raise the analytic issues that the Board should be considering. I recognize that not everyone has been comfortable with these issues being raised. But I believe that they represent the kind of issues the DAB must debate and deal with if it is to realize the potential you have in mind for it.

I look forward to working with you and your office.

Steve

David S. C. Chu
Director, Program Analysis and Evaluation

Attachment

PA&E Additional Comments on Draft DoD Directive 5000.1, Draft DoD Instruction 5000.2 and Proposed Charter for Defense Acquisition Board

Milestone 0 Decision and Mission Need Statement (MNS)

o Draft 5000.1 and 5000.2 take determination of mission needs and affordability outside the PPBS.

- The Secretary of Defense "approves" each new major acquisition (draft 5000.1, page 5), as in the existing 5000.1, but the procedures for review and approval are different.

- Mission Need Statement is submitted to the Defense Acquisition Executive (DAE), rather than the DRB, with or before the POM (draft 5000.1, page 6).

- New starts are considered by the DAB, but not by the DRB ("The DAB will support the DAE in the preparation of recommendations for a Secretary of Defense Milestone 0 decision", draft 5000.1, page 7).

- Approval of a new start is documented in the Program Decision Memorandum prepared by the DAE and presumably signed by the DAE after getting "approval" from the Secretary, rather than a PDM signed by the Secretary/Deputy Secretary (draft 5000.1, page 7).

- The DAE designates those systems to be managed as major acquisitions (draft 5000.1, page 9).

o Recommendation: Maintain existing 5000.1, 5000.2 procedures for proposing, reviewing, and approving major system new starts.

- Existing procedures integrate the acquisition process with the PPBS process.

- Existing procedures, which require submission of new starts with the POM (not with or before), and DRB review and approval for new starts, make it more likely that affordability will be adequately considered. Otherwise, we may get approval for new systems that we find out later the Services are unwilling to fund in their POMs.

Milestone I, II and III Decisions

o Under the draft directives, the procedures for Milestones I, II and III are the same (draft 5000.1, pages 7, 8):

- "The Secretary of Defense will make the Milestone (I, II, or III) decision based on recommendations by the DAE. The DAE will prepare the Acquisition Decision Memorandum (ADM) and execute the decision through the Head of the DoD Component."

- o The draft 5000.1 does not describe the process by which the Secretary arrives at his decision. An attachment to a May 13, 1987 memo signed by the DAB Executive Secretary suggests that the DAE will discuss the draft ADM with the Secretary to obtain his "approval" for the Milestone decision. Based on this discussion, it would appear that the DAE would revise the draft ADM if necessary, and that the DAE would then sign the final ADM. There appears to be no requirement for the DAE to present minority viewpoints or recommendations to the Secretary.

- o The Milestone decision language in the draft 5000.1 is similar to the language that appears in the USD(A) directive (5134.1, dated February 10, 1987, page 4):

  - "The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation that reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components."

- o Compared with the USD(A) directive, the draft 5000.1 does not mention the Deputy Secretary. Also, the draft 5000.1 calls for the DAE "to execute the decision through the Head of the DoD Component", whereas the USD(A) directive says the decision "shall be executed through the USD(A) for implementation by the Heads of DoD Components."

- o As written, the language in the draft 5000.1 on how Milestone decisions are to be made might preclude the Secretary/Deputy Secretary having the benefit of the views and recommendations of other Defense Acquisition Board principals on issues involving milestone decisions.

- o Recommendation: That draft 5000.1 be revised to read: "...The Secretary/Deputy Secretary of Defense will make Milestone decisions based on recommendations by the Defense Acquisition Board. Recommendations forwarded from the DAB should include any minority views. The Defense Acquisition Executive shall prepare, in coordination with Defense Acquisition Board principals, the decision memorandum which reflects the Secretary/Deputy Secretary of Defense milestone decisions. The milestone decision will be executed through the Defense Acquisition Executive for implementation by the Head of the DoD Component."

Milestone IV and V Decisions

- o These two milestone decisions are new. The proposed decision process for Milestone V is the same as for Milestones I, II, and III. The draft 5000.1 would allow the DAE to make the Milestone IV decision, however: "The DAE will make the Milestone IV decision based on recommendations by the DAB, except for programs for which such authority is reserved for the Secretary of Defense, and execute the decision through the Head of the DoD Component" (draft 5000.1, page 9).

- The draft 5000.1 does not spell out under what circumstances Milestone IV approval would be delegated to the DAE. Since there could be substantial resources involved in the Milestone IV decision (which "identifies actions and resources needed to ensure operational phase readiness and support objectives are achieved and maintained for the remainder of the acquisition life cycle", draft 5000.1, page 8), the Secretary of Defense should approve the Milestone IV decision.

- Recommendation: Use the same procedures for Milestone IV and V as recommended above for Milestones I, II, and III. The Secretary/Deputy Secretary would make all Milestone decisions. The procedures should ensure that the decision memorandum is coordinated with all DAB principals, and that the Secretary/Deputy Secretary have the benefit of minority views.

Manpower Estimate Report

- Under the draft 5000.2, the Manpower Estimate Reports required by Congress for Milestone II and III would be submitted through the DAE to the Secretary of Defense (page 5).

- ASD(FM&P) is responsible for manpower issues and currently handles the manpower report. Under the proposed DAB charter (pages 4, 5), however, ASD(FM&P) would not be a member of the DAB and thus is not ensured an opportunity to review the manpower report in the acquisition process.

- Recommendation: Make the ASD(FM&P) a member of the DAB and give him the responsibility for reviewing the Manpower Estimate Report.

Organization and Process

- OSD CAIG: CAIG reviews are required by Public Law 98-94 (section 1203). The absence of emphasis on the independent cost review in these drafts is inconsistent with this status and the priority placed on them by the Secretary of Defense. It is also inconsistent with the emphasis that is contained in the drafts for such reports as the Low Rate Initial Production Report and the Manpower Estimate Report.

- Recommendation: That 5000.1 and 5000.2 mention CAIG reviews at appropriate points where ICE and BCE estimates are mentioned (e.g., see 5000.1 pp. 5, 6, 7, 8, 9 and 5000.2 pp. 2, 3, 7).

- OSD CAIG Briefings: (5000.2, p. 3, para. D.3.c.(4)) The proposal requires staff briefings "not later than three weeks before a DAB meeting." The CAIG, however, is expected to report to the DAB committee chairman prior to the program status briefing. Therefore, the ICE presentation must take place at least three weeks prior to the DAB Committee meeting, not the DAB meeting itself.

- Recommendation: Revise page 3 of 5000.2 to reflect this timing.

- Operating and Support: (5000.1, pgs. 6, 7, 8): These issues get little attention throughout the proposed directives. Further, when manpower and logistics receive emphasis, it is too late. They are primary considerations at Milestone IV, but must also be analyzed at Milestones I, II, and III. Otherwise, Milestone IV will become a process of identifying failures to plan for O&S.

- Recommendation: Increase O&S visibility by making the Integrated Logistics Support Plan (ILSP) (described in DODD 5000.39) required documentation for all milestone reviews.

- Definitions. (5000.1, p.4) "Deployment" should be added to the definitions. Deployment should be defined as the date when initial operational capability is achieved.

- Programming and Budgeting. (5000.2, p.7) Delete this section. It is unnecessary. The DAE receives ample opportunity to comment on such matters through the normal program review, budget review and reprogramming process.

- DAB Committees. (5000.1, p.11, para. F) Responsibilities of DAB committee chairman should be included in 5000.1. Also, it would be helpful to expand paragraph E.4. on page 5 of DODD 5000.1. This paragraph describes the DAB committees too briefly.

- DAB Issues. Communications, particularly COMSEC, allied cooperative program potential and industrial/surge/mobilization have often been overlooked in previous acquisition deliberations. Recommend that these items be explicit issues of concern that are identified in 5000.1 and 5000.2.

- Defense Enterprise Programs. (5000.1 and 5000.2) The Defense Enterprise Program, established in Public Law 99-661, is overlooked. It is a statutory requirement and a potentially significant part of the acquisition process. As such, it should be included in DODD 5000.1 and DODI 5000.2.

Cost-Effectiveness

- The cost-effectiveness issue appears to need mention in DODD 5000.1, and to require elaboration in DODI 5000.2. Therefore, the following changes are recommended.

- Add to paragraph E.5.a of 5000.1

  - ".....in the DoD budget submission. The mission deficiency, and conceptual solutions to that deficiency, shall be established in the context of the tasks assigned and environment assumed in the mission area analyses described in paragraph E.1. The mission need determination....."

- Add to paragraph E.5 of 5000.1
  - "g. Cost and Operational Effectiveness Analysis (COEA) Report. The cost and Operational Effectiveness Analysis Report will be prepared by the appropriate DoD Component and submitted in support of Milestone I and II decisions. The primary focus of the COEA at Milestone I is to verify the mission requirements, to identify the most promising concepts for further evaluation and to establish minimum cost-effective operational performance thresholds. The primary focus at Milestone II is the identification of a preferred alternative for entry into full-scale development, verifying the minimum operational performance thresholds approved at Milestone I and establishing the military worth of the proposed acquisition."
- Add to paragraph E.6.b.(1) of 5000.1
  - ".....System Concept Paper (SCP) document and Cost and Operational Effectiveness Analysis (COEA) prepared....."
- Add to paragraph E.6.c.(1) of 5000.1
  - ".....Decision Coordinating Paper (DCP) and Cost and Operational Effectiveness Analysis (COEA) prepared....."
- Add to paragraph D.3.d.(1).(a) of 5000.2
  - ".....for a new major acquisition. The results of the Mission Area Analysis described in DoDD 5000.1 shall provide the basis for documenting the mission need as described in paragraphs 2 and 3 of the MNS. Approval of the MNS....."
- Replace paragraph D.3.d.(2).(c) of 5000.2 with:
  - "(c) Milestone I and II-Cost and Operational Effectiveness Analysis (COEA).

    Purpose. A Cost and Operational Effectiveness Analysis (COEA) for all major acquisitions shall be performed by the DoD Components to support Milestones I and II, and shall be provided to the DAB, along with the draft SCP or DCP. The COEA will assess the operational effectiveness and suitability of proposed concepts, as defined in DoDDI 5000.1, in the context of the specific tasks addressed in the DoD Component's mission area analysis. In support of Milestone I the COEA will focus on verifying the mission requirements, identifying the most promising concepts and establishing minimum operational performance thresholds. At Milestone II the COEA will focus on identifying the preferred alternative for entry into full-scale development, verifying the minimum operational performance thresholds approved at Milestone I and establishing the military worth of the proposed concept."

Costs of MOUs for Cooperative Projects

- o Recommend that the expected costs of MOUs for cooperative projects (or portions of a project to be pursued cooperatively) appear in Annexes C, D, and E of both the System Concept Paper (SCP) and the Decision Coordinating Paper (DCP). To make it clear that these annexes are to include the costs of MOUs, suggest the following two changes to DoD Directive 5000.1 and one change to DoD Instruction 5000.2.

  - DoDD 5000.1

  Page 7, Paragraph b.3, after the phrase "The Milestone I decision establishes broad program cost" add the following: "(to include the costs associated with MOUs for cooperative aspects of the program),"

  Page 8, Paragraph c.3, after the phrase "The Milestone II decision establishes more specific cost" add the following: "(to include the costs associated with MOUs for cooperative aspects of the program),"

  - DoDI 5000.2

  Page 4, Paragraph 2.c, titled Milestones I and II - Cost-Effectiveness Analysis. Add the following: "In the case of cooperative projects, the full cost of the proposed MOUs shall be included in the cost-effectiveness analysis and will be presented in Annexes C, D, and E of the SCP and DCP."

Nuclear Weapons in the Acquisition Process

- o The report of the President's Blue Ribbon Task Group (BRTG) on Nuclear Weapons Program Management recommended both higher visibility for nuclear weapons programs in general, and the specific inclusion of nuclear gravity bombs and artillery fired atomic projectiles (AFAPs) in high level management acquisition reviews when their DOE costs exceed established thresholds.

- o Although nuclear programs have traditionally been included in major acquisition reviews at Milestone II when they are components of a major program (Sea Lance, SRAM II, Peacekeeper, TRIDENT II, etc.), the initial phases of these nuclear programs have not been included historically in the formal major acquisition process.

- o Additionally, nuclear bombs and AFAPs have been excluded from the process since their DoD development and acquisition costs are normally well below established thresholds--even though DOE acquisition costs are substantial.

- o Recommendations:

  -- Require all nuclear warhead development and production to follow the DoD procedures for major acquisitions by defining any nuclear weapon as a major acquisition, regardless of whether DoD's costs exceed the thresholds specified in the acquisition directives.

(Given the uncertainties involved in getting agreement on DOE costing procedures, attempting to specify cost thresholds for nuclear warheads does not appear to be too useful at this point. Besides, if DOE RD&T and special nuclear materials costs are considered, any new warhead acquisition is likely to meet the development and procurement cost thresholds specified in the draft 5000.1, page 10).

-- For those warheads associated with a major DoD system, require that the approval of the initiation of nuclear warhead development phases be coincident with DoD's milestones for the weapon system as a whole.

-- Require that reports, studies, results of tests and other activities associated with a phase of nuclear weapon development be made available for DoD's review at the corresponding major acquisition milestone.

-- If these modifications are incorporated into 5000.1 and 5000.2, two other directives will have to be modified to provide details of this revised process. They are DoD Directive 3150.1, "Joint Nuclear Weapon Development Studies and Engineering Projects" (December 27, 1983), and DoD Instruction 5030.55, "Joint AEC-DoD Nuclear Weapons Development Procedures" (January 21, 1979).

-- The basic agreement between DoD and DOE (March 21, 1953) and its 1984 supplement would also have to be revised.

Baselining

o Directive 5000.45 (August 25, 1986) introduced the concept of baselining into DoD's acquisition procedures.

o Baselining is a management technique to enhance stability and control cost growth of major programs.

o Directive 5000.45 defines a development baseline corresponding to Milestone II and a production baseline for Milestone III. These baselines, each constituting a formal agreement between the Defense Acquisition Executive and the program manager, are based on the Decision Coordinating Paper and quantitatively describe:

-- Critical system performance parameters, together with acceptable limits of variation of these parameters.

- Development and production cost goals.

-- Key program milestones, production delivery schedule, IOC.

o In contrast to the existing 5000.1 and 5000.2, the draft directives incorporate the baselining concept (5000.1, page 4; 5000.2, page 4, 5); expand the concept to include Milestones 0, I, and IV; and add operational effectiveness and suitability requirements to the baseline description. The Baseline documents for the various Milestones are:

  - Milestone 0: Mission Need Statement is the program baseline for the concept exploration phase (5000.1, page 5).

  - Milestone I: System Concept Paper (Annex B) is the program baseline for the demonstration/validation phase (5000.1, page 7).

  - Milestones II, III: The Development and Production baseline are based on the Milestone II and III ADMs, respectively, according to the draft 5000.1 (page 6). To be consistent with Milestone 0 and I, the baseline document should be the Decision Coordinating Paper. (Directive 5000.45 says the Development and Production baselines should be based on the DCP).

  - Milestone IV: The Production baseline is updated (5000.1, page 9).

- The key issue concerns changes in the baseline. Directive 5000.45 states that changes should be "permitted only under extreme circumstances, such as significant changes in threat, budget, test results, or Congressional action" (page 3).

- According to 5000.45, a breach of the baseline, which triggers a JRMB Program Review, occurs if:

  - A system performance requirement is not expected to be met.

  - A schedule milestone or production delivery is expected to be missed by more than 90 days.

  - Development cost is estimated to increase by more than 15 percent, or production cost is estimated to increase by more than 5 percent.

- 5000.45 also says that only the DAE (the Deputy Secretary at the time the directive was issued) can approve a baseline change (page 3). As envisioned by the draft 5000.1, the baseline document would normally be amended by the DAE after the Acquisition Decision Memorandum is issued. The draft 5000.1 says that the baseline agreement cannot be changed without approval of the DAE (page 4).

- Changes to the baseline could have substantial resource implications. Thus, the Secretary or his Deputy should be involved in the approval process.

  - Only the Secretary and Deputy Secretary can change the funding of a major program, and they are not obligated to do so even if the DAB and DAE have approved the change.

  - While the Secretary and Deputy Secretary should be concerned with program stability, they should not be prohibited from cutting the funding of a major program below the baseline if competing priorities and resource limitations so dictate.

- Recommendations:

  - -- Revise 5000.1 to require that changes in the baseline agreement resulting in changes in program funding be approved by the Secretary/Deputy Secretary.

  - -- Clarify the discussion of the DAB/PPBS interface (5000.1, p.10) to indicate that the baseline may change due to decisions by the DRB and that the procedures in 5000.45 should be initiated to effect the necessary changes in the baseline document.

  - -- Clarify in 5000.1 and 5000.2 the distinction between the program baseline and the baseline documentation. Both the DRB and the DAB are involved in determining the program baseline; the DAB and DAE are responsible for keeping the baseline documentation updated.

DETAILED PAGE COMMENTS ON JULY 14 DRAFT OF 5000.2

- We strongly object to the use of the terms Category I and Category II in DoDI 5000.2 (and in DoDD 5000.1) and recommend use of some other terminology (e.g., Category A and Category B, or Type I and Type II). Since 1973, the terms Category I and Category II have been widely used by the Military Departments and major defense contractors to differentiate weapon systems that meet the congressional dollar thresholds of a major acquisition (Category I), and weapon systems that fall below that congressional dollar threshold (Category II). (See DoDI 7000.11, "Contractor Cost Data Reporting" dated March 27, 1984 and "Joint Logistics Commander's Manual, Acquisition Management, Contractor Cost Data Reporting (CCDR) System".) The current drafts of DoDD 5000.1 and DoDI 5000.2 introduce new definitions for Category I and Category II that are inconsistent with definitions in these other DoD acqusition-related pulications. This will create an enormous amount of unnecessary confusion. It will also require the revision to numerous other directives, instructions, implementing documents, manuals, and contractor guidance.

- The Integrated Logistics Support Plan (ILSP) should be required throughout the process. DoDD 5000.39 does not require the delivery of this document to OSD, yet it is a primary source for important O&S data at each milestone. As we stated in our previous comments: O&S issues get little attention throughout the proposed directives, and the emphasis on the ILSP at Milestone IV is too late.

- Milestone Descriptions. (pages 2, 3, and 4) Each of the milestones should reflect life-cycle costs as a major consideration.

- Program Documentation. (Starts on Page 6) This section is confusing because it classifies documentation into two groups: DAB Program Documentation and Congressional Documentation Requirements. Clarity would be best served by combining these two categories so a complete list of documentation would be found under each milestone.

- Independent Cost Analyses. (Page 9) Related to the previous point, but worthy of separate attention is the requirement for independent cost analysis. First, page nine is the only reference to independent cost estimates. It requires these estimates at milestones II and III only. The current version of 5000.1 (page 5, para 7) correctly implies the necessity to assess affordability at each milestone and during the PPBS. This rationale should be carried over into 5000.2 as follows:

-- (page 2 Section C.5.a.) Milestone 0 affordability considerations necessitate a review of the program office estimate by the CAIG.

-- (page 3 Section C.5.b. and c.) Milestone I affordability estimates require CAIG review. This is a very important milestone since basic parameters will be decided and many of the decisions will apply for the rest of the program. (This comment also pertains to page 7, Section 1.b.) And, Milestone II should specifically require review by the CAIG of cost estimates from both the program office and the independent cost office. (This comment also pertains to page 7, Section 1.c.)

-- (page 4, Section C.5.d.) Milestone III CAIG review of the independent and program office costs estimates should be specified. (This comment also pertains to page 8, Section 1.f.).

-- (page 4, Section C.5.e.) Milestone IV CAIG review of the updated O&S estimate should be required.

- RFP Release. (page 3) Section C.5.c. This is a repeat item from your previous comments. The last sentence in the first paragraph says that the Milestone II review should occur before the release of the final RFP for the FSD contract. Recommend deleting this sentence. As you stated on the first page of our June 8 memo, in most cases it is more useful to hold the Milestone II review once proposals are available since they help in providing information on the technical feasibility and likely costs of the program.

- Milestone Consideration. (page 3) Section C.5.c. The second paragraph of this section identifies the primary consideration in the DAB's deliberations at Milestone II. Item 2, "need for a new development program versus buying or adapting existing military or commercial systems" is more properly a Milestone I consideration.

- Milestone IIIA Review. (page 4) Section C.5.d. The first paragraph of this section says that "If the magnitude of the program is sufficiently large and/or the time between the beginning of Low-Rate Initial Production and Full Rate-Production is significantly long, there may be a need for a Program Review or a Milestone IIIA, after the initial Milestone III." This implies that the first approval is Milestone III, with full-rate production finally approved at a subsequent Program Review or Milestone IIIA. This may simply be a typo of "after' where "before" was intended. In that case it should be corrected. If the paragraph as printed is really what was intended, it's a bad idea. Long usage has established "Milestone xA" as the first milestone meeting (typically followed by xB), and it would be needlessly confusing to attempt to change that convention. Either way, the sentence should read, "...there may be a need for a Program Review or a Milestone IIIA before Milestone III." Annex A shows the Milestone IIIA before Milestone III which indicates our first assumption is correct.

Documentation Deadlines. (page 5) Section D.4.b. Your June 8 memorandum requested that the instruction require ICE presentations at least three weeks prior to the DAB Committee meeting, not the DAB meeting itself. We think the three month draft documentation in the referenced paragraph only applies to the SCP and DCP. The CAIG requirement is clearly stated in the current version of DoDI 5000.2 and there is no good reason for changing it now.

- By Pass of Formal DAB Reviews. (page 5) Section D.3. Note the third sentence which states that "The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when there are no significant issues." We have no recommendation on this point, as long as you agree with it.

- Wording Change for OSD CAIG. (page 6) Section D.4.d. Change the wording for the second paragraph in this section as follows: 2) on the program baseline and independent cost estimates to the OSD Cost Analysis Improvement Group (CAIG).

- DRB Role in Approval of New Starts. (page 7) Section E.1.a. It is entirely inappropriate for MNS to be submitted prior to the POM and it is equally inappropriate for the DAE to approve the MNS. This is not an acquisition issue. Instead , it is properly classified as a force structure and operational capability question that is related to the threat. As such the correct forum for review is the DRB where it may be decided to explore possibilities to acquire a system. Decisions on the MNS by the DRB, as the executive agent of the Secretary of Defense, may lead to acquisition issues, but they are not in and of themselves within even a liberal intepretation of the DAE's jurisdiction. Approval of new starts outside the PPBS system, in which the Department's resource allocation decisions are made, is likely to lead to a situation where new starts are reviewed and approval decided twice: once by the DAB and later by the DRB. Recommend that we maintain the existing 5000.1 and 5000.2 procedures for proposing, reviewing, and approving major system new starts.

- Restriction on OSD Staff for Acquisition Data. (page 8) Section E.1.i. Information will be required until the O&S aspects of acquisition are incorporated into the process. We previously recommended that the Integrated Logistics Support Plan (ILSP) be required in the same context as it is described in DoDI 5000.39. That would solve the OSD staff requirement for this type of information. Without that requirement, there will be a continuing additional requirement for information. Also, this paragraph should not prevent the OSD staff from requesting more explanatory information with regard to documents directed to be provided by this instruction.

Annex B. Under "Cost" add footnote for the Flyaway (unit) subcategory: submit the culmulative quantity or unit number for which the cost goal is established (this goal should be established for a quantity that is to be produced early in the program).

- Annex D.

(1) Change the first column to say "Initial FY".

(2) Remove the "to complete" column. We will get better visibility into into the program's entire funding profile if the Service is required to present each fiscal year's requirement separately - not as a lump sum after five years.

(3) Add three dots after the last FY along with a footnote explaining that all FY buys should be reported.

(4) Under "Development Quantity" and under "Production Quantity" add the subheadings

Funded Quantity by FY
Delivered Quantity by FY

This change clarifies the intended requirement from the previous form.

(5) Change the breakout under full scale development phase to the following:

Flyaway
  Design
  Test Vehicles
Systems Test and Evaluation
Other Systems Cost
Contingency (Service)

Here we are suggesting a more meaningful shred of the full scale development which parallels the breakout for production.

MNS and DCP Formats. (Enclosures 2 and 3) Note that in paragraph 2 of MNS format that OUSD(A) has authorized itself to define mission areas. The same observation holds for paragraph 3 of the SCP and DCP.

- Format for SCP/DCP. (Page 31) It appears that something is missing from the first sentence in #6. Also, add the sentence "Summarize the results of cost-effectiveness analysis conducted." This is the only place that pulls this analysis into the formal documentation. On page 32, number 10, Revise sentence beginning "At Milestone III, verify the credibility of life cycle costs (vice production costs)...

DEPARTMENT OF DEFENSE INSTRUCTION
OUSD(A)/PO-ASM DRAFT JULY 14, 1987

NUMBER 5000.2
USD (A)

SUBJECT: Defense Acquisition Program Procedures

References:
(a) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986 (hereby canceled)
(b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," 1987
(c) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(d) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
(e) through (ww), see enclosure 1

A. PURPOSE

This Instruction reissues and updates reference (a) to revise procedures for DoD implementation of reference (b).

B. APPLICABILITY AND ORDER OF PRECEDENCE

1. The provisions of this Instruction apply to DoD Components as defined in reference (b).

2. This Instruction sets forth uniform procedures governing major defense acquisition programs and establishes specific requirements and responsibilities for acquiring major defense acquisition programs requiring decision authority by the Secretary of Defense (defined in reference (b) as Category 1 programs). These procedures should be generally employed for the management of non-major defense acquisition programs, as determined by the Head of Component.

3. The provisions of DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for defense acquisitions, except when statutory requirements override. Any DoD issuance in conflict with reference (b) or this Instruction shall be changed or canceled within 120 days from issuance of this Instruction. Thereafter, conflicts shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

C. DEFINITIONS

1. Defense Acquisition Board (DAB). The DAB is the senior DoD acquisition review board chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff. The DAB assists the DAE with Milestone and program reviews, policy formulation, and acquisition resource decisions. The DAB is the primary forum for DoD Components to provide advice and assistance concerning acquisition matters through the DAE to the Secretary of Defense. Permanent members of the DAB are identified in DoD Directive 5000.49, (reference (ss)).

2. DAB Acquisition Committees. The DAB is supported by ten (10) acquisition committees, which provide assistance in program review and policy formulation. The ten acquisition committees are as follows:

Science and Technology Committee
Nuclear Weapons Committee
Strategic Systems Committee
Conventional Systems Committee
Command, Control, Communications, and Intelligence Committee
Test and Evaluation Committee
Production and Logistics Committee
Installation Support and Military Construction Committee
International Programs Committee
Policy and Initiatives Committee

These committees hold pre-DAB meetings for the purpose of providing advice, assistance, and recommendations to the DAB and reaching consensus on acquisition issues. The missions, responsibilities, and membership of each of these committees is articulated in their respective charters. Enclosure 4 highlights the oversight areas of each committee.

3. Operational Effectiveness. The overall degree of mission accomplishment of a system when used by representative personnel in the environment planned or expected for operational employment of the system considering organization, doctrine, tactics, survivability, vulnerability, and threat (including countermeasures, nuclear, and chemical/biological threats).

4. Operational Suitability. The degree to which a system can be placed satisfactorily in field use with consideration given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistics supportability, documentation, and training requirements.

5. Milestone Descriptions.

a. Milestone 0 - Program Initiation/Mission Need Decision. The Milestone 0 decision determines mission need and approves program initiation and authority to budget for a new major program. Normally, a Concept Exploration/Definition phase follows this approval. Primary considerations during this milestone include: 1) mission area analysis; 2) affordability;

and 3) the ability of a modification to an existing system to provide needed capability.

b. Milestone I - Concept Demonstration/Validation Decision.

The Milestone I decision approves proceeding with the Concept Demonstration/Validation phase.

Primary considerations during this decision include: 1) program alternative tradeoffs; 2) performance cost and schedule tradeoffs; 3) appropriateness of the acquisition strategy; 4) prototyping of the system or selected system components; 5) affordability; 6) and potential common-use solutions.

The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and objectives, allowing the program manager maximum flexibility to develop innovative and cost effective solutions. The principles of acquisition streamlining (DoD Directive 5000.43, reference (pp)) and design-to-cost (DoD Directive 4245.3, reference (gg)) should be emphasized during this phase.

c. Milestone II - Full Scale Development Decision.

The Milestone II decision approves proceeding with the Full Scale Development (FSD) phase. As appropriate, Low-Rate Initial Production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II review should occur before the release of the final Request for Proposals (RFP) for the FSD contract.

Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved [system?] operational suitability and effectiveness; 2) need for a new development program versus buying or adapting existing military or commercial systems; 3) program risk versus benefit of added military capability; 4) planning for the transition from development to production which will include independent producibility assessments; 5) realistic industry surge and mobilization capacity; 6) factors which impact program stability; 7) potential common-use solutions; 8) results from prototyping and demonstration/validation; 9) milestone authorization; and 10) manpower, personnel, training and safety assessments.

WORD(S) OMITTED

The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the Program Baseline agreement between the DAE, the SAE, and the program manager. The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoDD 4245.7, reference (mm)).

spell out 1st USE

d. Milestone III - Full Rate Production Decision.

The Milestone III decision approves proceeding with the Full-Rate Production/Deployment phase or Construction. If the magnitude of the program is sufficiently large and/or the time between the beginning of Low-Rate Initial Production and Full-Rate Production is significantly long, there may be a need for a Program Review or a Milestone IIIA, after the initial Milestone III.

Primary considerations in the DAB's deliberations are: 1) successful completion of operational test and evaluation; 2) threat validation; 3) production or construction cost verification; 4) adequacy of funding; 5) the production and deployment schedule; 6) reliability and maintainability; 7) producibility as verified by an independent assessment (DoDD 5000.38, reference (rr)); 8) realistic industry surge and mobilization capacity; 9) logistics support; 10) multiyear procurement or milestone authorization; and 11) manpower, personnel, training and safety requirements.

e. Milestone IV - Logistics Readiness and Support Review.

The Milestone IV decision identifies actions and resources needed to ensure operational readiness and support objectives are achieved and maintained for the first several years of the Operational Support phase. The Milestone IV review will normally occur 2 to 3 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) logistics readiness and sustainability (peacetime and wartime); 2) weapon support objectives; 3) the implementation of integrated logistics support plans, per DoDD 5000.39 (reference (q)); 4) and the capability of logistics activities (i.e. supply, transportation, etc.), facilities, and training and manpower to provide support efficiently and cost effectively.

f. Milestone V - Major Upgrade or System Replacement Decision.

The Milestone V decision encompasses a review of a system's or facility's current state of operational effectiveness, suitability, and readiness to determine whether major upgrades are necessary or deficiencies warrant consideration of replacement. This milestone decision normally will occur 5 to 10 years after Initial Deployment.

Primary considerations in the DAB's deliberations are: 1) capability of the system or facility to continue to meet its mission requirements; 2) the potential necessity of modifications and upgrades to ensure that mission requirements are met and that the useful life is extended; 3) changes in threat that require increased capability or utility; and 4) changes in technology that present the opportunity for a significant breakthrough in system worth. A significant question to be decided at this point is whether deficiencies are critical enough to warrant retirement and/or new start considerations.

D. PROCEDURES

1. Major Defense Acquisition Program Designation. The criteria for designation of certain acquisition programs as either Category I or Category II major programs is set forth in reference (b). The Defense Acquisition Board (DAB) Executive Secretary may recommend candidate programs to the DAE at any point in the acquisition process. The DAB Executive Secretary is authorized to withdraw the designation of "Category I major defense acquisition program" when circumstances so dictate, but shall advise the DAE before taking such action.

2. Major Defense Acquisition Program Listings. The DAB Executive Secretary shall maintain and distribute a list of currently designated Category I and Category II major defense acquisition programs at least quarterly. This list shall also identify the cognizant DAB acquisition committee for each Category I program.

3. DAB Milestone and Program Reviews. The DAB chair will normally convene formal reviews at Milestones 0, I, II, III, IV, and V. If the Program Baseline is breached, the DAE shall be notified by the program manager and the DAE will decide whether or not a program review will be required. The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when there are no significant issues. The DAE will prepare the Acquisition Decision Memorandum (ADM) and execute the decision through the Head of the appropriate DoD Component.

4. Pre-DAB Activity.

a. Milestone Planning Meeting. An informal milestone planning meeting to identify program issues will normally be held by the cognizant Committee chair, or his designee, before Component submission of draft documentation. The chair should ensure the participation of members of other acquisition committees having an interest in the program.

b. Draft Program Documentation. Required draft documentation shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three months before a DAB Committee review. The OSD action officer shall ensure that copies are made available to DAB members and appropriate DAB Committee members. The DAB chair shall transmit formal comments to the DoD Component two months before the scheduled DAB meeting. Every effort shall be made through the Committee process to reach consensus on issues before the DAB meeting.

c. Final Documentation Update. A final update shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair three weeks before a scheduled DAB meeting.

d. Component Staff Briefings.

The chair of the cognizant DAB acquisition committee is responsible for identifying and reaching consensus on issues, developing recommendations, and highlighting significant program issues to be addressed during DAB deliberations.

In support of this, Component staff briefings shall be provided not later than three weeks before a DAB Committee meeting: 1) on the overall program status to the cognizant DAB Committee; 2) on the independent cost estimate to the OSD Cost Analysis Improvement Group (CAIG); 3) on test activity results and plans to the Director, Operational Test and Evaluation (DOT&E); 4) on acquisition strategy and transition from development to production or construction planning to the ASD(P&L); and 5) on readiness and support planning to include manpower, personnel training requirements to the Director, Weapons Support Improvement Group (DWSIG).

If requested by the cognizant Committee chair, additional briefings shall be conducted on specified subjects, such as chemical or nuclear survivability and endurance.

5. DAB Meetings. The DAB Executive Secretary will present the Committee's report and discuss the unresolved issues. DAB members are responsible for participating in these issue discussions and providing any additional information relevant to the matter being discussed. Following these presentations, the DAB members will develop and present recommended findings to the DAE. The DAE will present the recommendations of the DAB to the Secretary of Defense for his approval before the formal issuance of the Acquisition Decision Memorandum (ADM).

6. Post-DAB Activity: Acquisition Decision Memorandum (ADM).

The ADM shall normally be issued to the Head of the DoD Component within 10 days following the DAB meeting.

s/

The ADM documents the Secretary of Defense milestone decision, including approval of: 1) goals and threholds for cost, schedule, performance, and readiness and supportability; 2) exceptions to the normal acquisition process; and 3) other appropriate direction. The ADM may also be used to document a Secretary of Defense decision on a joint or OSD and OJCS Mission Need Statement.

The DAE will issue the ADM and execute the decision through the Head of the appropriate DoD Component. The DAB Executive Secretary will prepare and coordinate the ADM to reflect goals and thresholds. Updated program direction resulting from Program Baseline breaches, following a special review of the breached program by the DAB, shall be provided by an amended ADM.

Programming and budgeting decisions that may invalidate a Milestone decision or other ADM direction, or breach an approved Milestone II or III Program Baseline shall be immediately highlighted by DoD Component Heads to the DAE for explicit consideration of the impact on military capability and total acquisition resource requirements. In addition, the DoD Component Heads shall explain and justify to the DAE differences in quantity and funding between the Program Baselines and the program or budget under review.

E. PROGRAM DOCUMENTATION.

Program documentation for Category I major defense acquisition programs shall be in accordance with the procedures below and in the format prescribed in the enclosures to this Instruction. Data elements shall be standardized in accordance with DoD Directive 5000.11 (reference (f)) and DoD 5000.12-M (reference (g)). The objective of this documentation is to provide only the information essential for decision making. A written justification statement shall be submitted by the DoD Component to the DAB Executive Secretary in the event that a scheduled DAB Milestone review is delayed by more than 90 days.

1. DAB Program Documentation.

a. Milestone 0 - Mission Need Statement (MNS). New major acquisitions are considered concurrent with the OSD Program Objective Memorandum (POM) review on the basis of justifications provided by DoD Components. A MNS document is required when the new major defense acquisition program is expected to meet the dollar threshold criteria in DoD Directive 5000.1 (reference (b)). The MNS shall be submitted to the DAE with or before the POM submission in which funds are requested for a new major defense acquisition program. The results of the Mission Area Analysis required by DoD Directive 5000.1 shall provide the basis for documenting the mission need. Approval of the MNS is documented by the ADM. The DAE will approve the issuance of a Program Element Number for the new major defense acquisition program in coordination with the ASD (Comptroller). If a MNS is not approved, the proposed acquisition shall not be funded. See Enclosure 2 for the MNS format.

b. Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP).

Purpose. The SCP is used to summarize the results of the Concept Exploration/Definition phase; to describe the DoD Component's acquisition strategy, including identification of the best concepts to be carried into the Concept Demonstration/Validation phase for further development, and reasons for elimination of alternative concepts; and to establish broad program cost, schedule, and operational effectiveness and suitability goals and thresholds to be met and reviewed at the next milestone. See Enclosure 3 for SCP format. The purpose and content of the TEMP is described in DoD Directive 5000.3 (reference (e)).

c. Milestone II - Decision Coordinating Paper (DCP)/ Updated TEMP.

Purpose. The DCP is used to summarize the results of the Concept Demonstration/Validation phase; to identify program alternatives; and to establish explicit program cost, schedule, and operational effectiveness and suitability goals and thresholds. See Enclosure 4 for DCP format. The TEMP is updated in preparation for Milestone II.

d. Milestones I and II - Cost and Operational Effectiveness Analysis (COEA) Report.

Purpose. A Cost and Operational Effectiveness Analysis report for all Category I major defense acquisition programs shall be provided to the DAB, along with a draft SCP or DCP, to support Milestone I and Milestone

II. The COEA report will assess the operational effectiveness and suitability of proposed concepts, as defined in DoDD 5000.1, in the context of the specific tasks addressed in the DoD Component's mission area analysis. In the case of cooperative projects, the full costs of the proposed MOUs shall be included in the COEA report.

e. Milestone I and II - Common-Use Alternatives Statement.

Purpose. During DAB review of Service-unique programs, the SAE must provide to the DAE a statement and supporting analysis regarding the feasibility of common-use alternative systems. This information, along with an independent assessment of the SAE's statement and supporting analysis by the OJCS, shall be considered by the DAE when making a recommendation to the Secretary of Defense.

f. Milestone III - Updated Decision Coordinating Paper (DCP)/ Updated TEMP.

Purpose. In preparation for Milestone III, the DCP is updated to describe program changes since Milestone II and to propose goal and threshold revisions, if appropriate. The TEMP is also updated in preparation for a Milestone III.

g. Milestones IV and V - Updated Decision Coordinating Paper (DCP).

Purpose. In preparation for Milestones IV and V, the DCP is updated to describe program status, changes, and issues.

h. Milestones 0, I, II, III, and IV - Program Baseline.

Purpose. The Program Baseline is a formal agreement between the DAE, the Service Acquisition Executive (SAE), and the program manager that briefly summarizes the program's functional specifications, cost, schedule, and operational effectiveness and suitability requirements, and other factors critical to the program's success. Once signed, this agreement cannot be changed without approval of the DAE. A Development Baseline is established at Milestone II and a Production Baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the Program Baseline, the program manager is given full authority to manage the program. The Program Baseline is further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (11)).

The MNS shall serve as the Program Baseline at Milestone 0 for the Concept Exploration/Definition phase. Annex B of the SCP shall be attached to the ADM and becomes the Program Baseline at Milestone I for the Concept Demonstration/Validation phase.

i. Additional requirements for information to be considered by the DAB chair, beyond that required by this Instruction, shall be issued only by the DAB chair.

2. Congressional Documentation Requirements

The DAB will assure the following legislatively mandated documentation requirements are reviewed for accuracy and are executed in a timely manner.

a. Milestone I - Competitive Prototyping Strategy (CPS).

Purpose. During the development of all major defense acquisition programs, the Secretary of Defense requires the use of CPS. A CPS is defined as a strategy that requires that contracts be entered into with not less than two contractors, using the same combat performance requirements, for the competitive design and manufacture of a prototype system or subsystem for developmental test and evaluation. In addition, a CPS requires that all systems so developed be tested in a comparative side-by-side test. No document is required if a CPS is planned. If a CPS is not planned, the Secretary of Defense must submit written notification and a report to the Congress detailing why a CPS would not be practicable.

b. Milestones II and III.

(1) Independent Cost Estimate (ICE).

Purpose. The ICE is an estimate of program cost developed by an independent Service office. This Service report must be reviewed by the OSD Cost Analysis Improvement Group (CAIG) and the results of the CAIG review submitted to Secretary of Defense before Milestone II or III approval for all major defense acquisition programs (DoDD 5000.4, reference (k)).

(2) Manpower Estimate Report.

Purpose. The Manpower Estimate Report is an estimate of the total number of personnel (military, civilian, and contractor) required to operate, maintain, support, and train for the program upon full operational deployment. The report must also address any increases in personnel end strengths required for full operational deployment and deployment options in the event such increases are not authorized. This report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Senate and House of Representatives Armed Services Committees at least 90 days in advance of Secretary of Defense approval at Milestones II and III for all major defense acquisition programs.

(3) Acquisition Strategy Report (Competitive Alternative Sources).

Purpose. The Acquisition Strategy Report describes the major defense acquisition program strategy that provides for the availability of competitive alternative sources throughout the period from the beginning of full-scale development through the end of production. For all major defense acquisition programs, this report must be provided by the Component and reviewed by the DAE prior to submittal by the Secretary of Defense to the Committees on Armed Services of the Senate and House of Representatives. Submittal must occur not later than the date of submission of the President's Budget for the fiscal year in which the initial request is made for appropriations for FSD or production, whichever is the earliest. Congress must be notified of revisions to the report and the revision cannot be implemented until 60 days after Congressional receipt of the revision.

(4) Low Rate Initial Production Report.

Purpose. The LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat, prepared by the DOT&E. This report is provided by the DOT&E to the Secretary of Defense, DAE, and the Senate and House of Representatives Committees on Armed Services and Appropriations before the ADM is signed documenting approval to proceed beyond LRIP for all major defense acquisition programs (DoDD 5000.3, reference (e)).

F. RESPONSIBILITIES

1. DAB Executive Secretary. Designated by the DAB chair, the DAB Executive Secretary shall:

(a) Identify, for DAE approval, programs to be designated as Category I and Category II major defense acquisition programs; schedule reviews; and maintain and distribute, at least quarterly, status reports concerning DAB actions;

(b) Make administrative arrangements for meetings and control attendance in DAB reviews;

(c) Staff and coordinate the MNS;

(d) Assure final list of DAB issues is forwarded to the appropriate SAEs following the Committee pre-DAB review session;

(e) Present the Acquisition Committee's report to the DAB and discuss any unresolved issues;

(f) Prepare and coordinate the ADM with DAB principals;

(g) Document DAB recommendations to the Secretary of Defense and prepare final ADM to the Services for DAE signature; and

(h) Maintain a central reference file for current program documentation.

2. OSD Action Officers. The DAB Committee chairs shall appoint action officers to be the lead staff officials in the DAB process for each Category I major defense acquisition program. The Component's acquisition staff shall support the OSD action officer in the performance of the following duties:

(a) Coordinate DAB issues and DoD Component positions;

(b) Conduct planning meetings;

(c) Process, as appropriate, the SCP and DCP;

(d) Process the Program Baseline agreement;

(e) Ensure that all staff reports are compiled and distributed in preparation for DAB Acquisition Committee reviews;

(f) Ensure that comments and recommendations from all OSD offices on DAB and program review-related documents are integrated into one coherent set of views and issues; and

(g) Develop the Committee findings for presentation to the DAB.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. DoD Components shall forward one copy of implementing documents to the Under Secretary of Defense for Acquisition within 30 days.

Enclosures - 4
1. References (Continued)
2. Mission Need Statement (MNS) Format
3. System Concept Paper (SCP) and Decision Coordinating Paper (DCP) Formats
4. DAB Acquisition Committee Chart

REFERENCES, continued

(e) DoD Directive 5000.3 "Test and Evaluation," March 12, 1986
(f) DoD Directive 5000.11, "Data Elements and Data Codes Standardization Program," December 7, 1964
(g) DoD 5000.12-M, "DoD Manual for Standard Data Elements," October 1986, authorized by DoD Directive 5000.12, April 27, 1965
(h) DoD Directive 4245.6, "Defense Production Management," January 19, 1984
(i) DoD Directive 4005.1, "Industrial Preparedness Program," July 28, 1972
DoD Directive 2010.6, "Standardization and Interoperability of Weapons Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(k) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
(l) DoD Directive 4120.21, "Application of Specifications, Standards, and Related Documents in the Acquisition Process," November 3, 1980
(m) DoD Directive 5000.37, "Acquisition and Distribution of Commercial Products (ADCP)," September 29, 1978
(n) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979
(o) DoD Directive 4120.19, "DoD Parts Control Program," October 30, 1985
(p) DoD Directive 4155.1, "Quality Program," August 10, 1978
(q) DoD Directive 5000.39, "Acquisition and Management of Integrated Logistic Support for Systems and Equipment," November 17, 1983
(r) DoD Directive 5000.40, "Reliability and Maintainability," July 8, 1980
(s) DoD Directive 3224.1, "Engineering for Transportability," November 29, 1977
(t) DoD Instruction 5000.36, "System Safety Engineering and Management," December 6, 1978
(u) DoD Directive 3224.3, "Physical Security Equipment: Assignment of Responsibility for Research, Engineering, Procurement, Installation, and Maintenance," December 1, 1976
(v) DoD Instruction 4245.4, "Acquisition of Nuclear-Survivable Systems," September 2, 1983
(w) DoD Directive 5160.65, "Single Manager for Conventional Ammunition," November 17, 1981
(x) DoD Instruction 4200.15, "Manufacturing Technology Program," May 24, 1985
(y) DoD Directive 5000.29, "Management of Computer Resources in Major Defense Systems," April 26, 1976

(z) DoD Directive 7750.5, "Management and Control of Information Requirements," August 7, 1986
(aa) DoD Instruction 5010.12, "Management of Technical Data," December 5, 1968
(bb) DoD 5000.19-L, VOL II, "Acquisition Management Systems and Data Requirements Control List," October 1985, authorized by DoD Directive 5000.19, March 12, 1976

(cc) DoD Directive 4120.18, "Metric System of Measurement," January 28, 1980
(dd) DoD 4140.43, "Department of Defense Liquid Hydrocarbon Fuel Policy for Equipment Design, Operation and Logistics Support," December 5, 1975
(ee) DoD Directive 6050.1, "Environmental Effects in the United States of DoD Actions," July 30, 1979
(ff) DoD 7920.I, "Life Cycle Management of Automated Information Systems (AIS)," October 17, 1978
(gg) DoD Directive 4245.3, "Design to Cost," April 6, 1983
(hh) DoD Instruction 7000.3, "Selected Acquisition Reports," December 31, 1985
(ii) DoD Directive 7000.2, "Performance Measurement for Selected Acquisitions," June 10, 1977
(jj) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definitions," August 15, 1977
(kk) DoD Directive 5010.19, "Configuration Management," May 1, 1979
(ll) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986.
(mm) DoD Directive 4245.7, "Transition from Development to Production," January 19, 1984
(nn) DoD Instruction 7220.32, "Defense Acquisition Executive Summary," March 28,1984
(oo) DoD Directive 5105.40, "Defense Mapping Agency (DMA)," April 23, 1986
(pp) DoD Directive 5000.43, "Acquisition Streamlining," January 15, 1986
(qq) DoD Directive 4650.1, "Management and Use of the Radio Frequency Spectrum," December 13, 1974
(rr) DoD Directive 5000.38, "Production Readiness Reviews," January 24, 1979
(ss) DoD Directive 5000.49, "Defense Acquisition Board," in staffing
(tt) DoD Instruction 5000.23, "System Acquisition Management Careers," December 9, 1986
(uu) DoD Directive 5025.1, "Department of Defense Directives System," October 16, 1980
(vv) DoD Instruction 7220.31, "Unit Cost Reports," January 17, 1986
(ww) Defense Acquisition Circular 76-43

FORMAT FOR MISSION NEED STATEMENT (MNS)

Prepare MNS in format shown below. Do not exceed three pages. Identify any supporting documentation.

1. Defense Guidance Element. Identify the element of Defense Guidance to which the acquisition responds.

2. Mission and Threat. Identify the OUSD(A) mission area (numbers and title) and describe the mission area need. Discuss the DIA-validated projected threat and the shortfalls of existing systems or facilities in meeting the threat. Comment on the timing of the need and the general priority of this acquisition relative to others in this mission area.

3. Alternative Concepts. Describe known alternatives that will be considered during the Concept Exploration/Definition phase (including use of an existing U.S. or allied military or commercial system or product improvements of an existing system).

4. Cooperative Opportunities. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one of the Allied nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one of the other Allied nations.

5. Technology Involved. For known alternatives, discuss maturity of the technology planned for the selected acquisition design and manufacturing processes, with particular emphasis on remaining areas of risk. Discuss system and subsystem prototyping considerations.

6. Funding Implications. Discuss affordability, including the level of funding the Component is willing to commit to satisfy the need.

7. Constraints. Describe, as applicable, key boundary conditions for satisfying the need, such as survivability; logistics support, manpower, personnel, training, and safety constraints; computer resources; standardization or interoperability within NATO or other DoD Components; and critical materials and industrial base considerations.

8. Acquisition Strategy. Provide a summary of salient elements of proposed acquisition strategy, such as program structure, competition, contracting approach, and acquisition streamlining.

FORMAT FOR SYSTEM CONCEPT PAPER (SCP) AND DECISION COORDINATING PAPER (DCP)

Prepare SCP (for Milestone I) and DCP (for Milestones II, III, IV and V) in format shown below. Do not exceed 12 pages for SCP and 18 pages for DCP, excluding the annexes. Use the additional length of the DCP primarily for expanded sections 7 through 9. Identify any supporting documentation.

1. Brief Description of the Acquisition. One short paragraph.

2. History. Summarize any previous guidance, decisions, and congressional actions.

3. Mission Area and Role. Describe how program supports the identified OUSD(A) mission area in both broad and specific terms. Refer to Defense Guidance, if appropriate.

4. Threat Assessment. Describe DIA-validated threat, emphasizing interactive effects of the acquisition and the threat.

5. Shortfalls of Existing Systems. Describe inadequacies of existing systems or facilities.

6. Alternatives Considered. Identify the preferred alternative should include joint-Service common-use alternatives and the potential for single Service funding for joint efforts. Discuss rejected alternatives and reasons for their nonselection. If a new acquisition is proposed, discuss why use of an existing U.S. or allied military or commercial system or product improvement of an existing system was not selected.

7. Cooperative Opportunities. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one of the nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one of the Allied nations.

8. Description of Selected Alternative. Describe the acquisition in more detail than in section 6. Define the operational concept. Discuss commonality and how the preferred alternative avoids duplication with other systems. Discuss survivability (including nuclear) and standardization. Verify that the acquisition is affordable in terms of program cost versus military worth of new or improved capability, even at reduced DoD Component top-line budgets.

SCP/DCP FORMAT CONTD.

8. Description of Selected Alternative (Contd.). Discuss readiness; sustainability; manpower economy; manpower, personnel, training, and safety planning; and how they are to be achieved If applicable, discuss electro-magnetic spectrum availability, and for Milestones II and III, host nation spectrum availability and coordination. Do not duplicate from Annexes.

9. Technological Risks of Selected Alternative. For Milestone I (SCP), identify key areas of technological risk which must be reduced by R&D and validated by test and evaluation before Milesone II. Discuss system and subsystem prototyping considerations. For Milestone II (DCP), discuss test and evaluation results that show all significant risk areas have been resolved. Also for Milestone II, disuss the extent to which technology is in-hand and only engineering (rather than experimental) efforts remain. Discuss which components and quantities might be considered for low rate initial production (LRIP). For Milestone III (DCP), discuss operational test and evaluation results that demonstrate that the system is ready to proceed to full-rate production.

10. Acquisition Strategy. Discuss general strategy for the entire program, and detailed strategy for proceeding to the next milestone. Emphasize program structure. Address specifically competition, contracting, and acquisition streamlining for all phases. Discuss planning for low rate iniitial production (LRIP). Outline production planning to ensure an industrial base response that will support effficient manufacture and provide surge capacity, when appropriate. At Milestone II, verify that future cost and schedule are defined in detail and credible. At Milestone III, verify the credibility of production cost and appropriateness of the production/deployment schedule. Discuss program cost control measures. Discuss the appropriateness of multi-year procurement funding. Do not duplicate from annexes. Indicate those DoD Directives, DoD Instructions, and management principles in enclosure 1 that will not be applied to the proposed system.

11. Known Issues. Discuss issues identified by the Military Services and by the DAB chair.

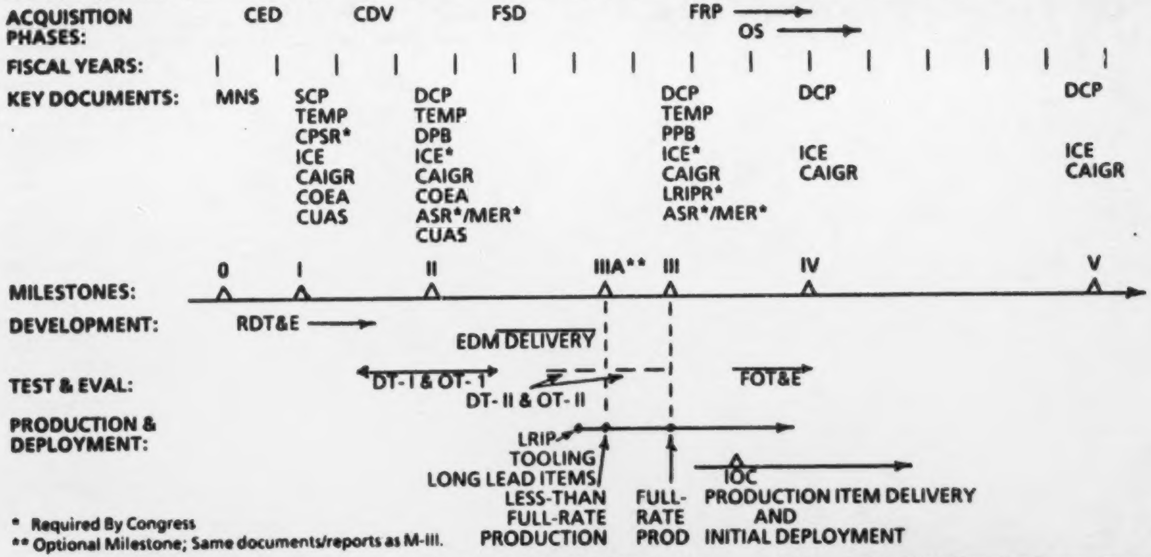
12. Decisions Needed

Annexes - 5

A. Example of Program Structure
B. Goals and Thresholds
C. Resources - Cost Track Summary
D. Resources - Funding Profile
E. Summary of Life-Cycle Cost of Alternatives.

ANNEX A: PROGRAM STRUCTURE EXAMPLE

Note: The schematic below is an example only and should not be construed as the only acceptable program structure to be followed rigidly. See DoDD 5000.1 policy concerning tailoring of acquisition phases / milestones and acquisition strategy for major defense acquisition programs.


ACQUISITION PHASES:
CED
CDV
FSD
FRP
OS
FISCAL YEARS:
KEY DOCUMENTS:
MNS
SCP
TEMP
CPSR*
ICE
CAIGR
COEA
CUAS
DCP
TEMP
DPB
ICE*
CAIGR
COEA
ASR*/MER*
CUAS
DCP
TEMP
PPB
ICE*
CAIGR
LRIPR*
ASR*/MER*
DCP
ICE
CAIGR
DCP
ICE
CAIGR
0
I
II
IIIA**
III
IV
V
MILESTONES:
DEVELOPMENT:
RDT&E
EDM DELIVERY
TEST & EVAL:
DT-I & OT-1
DT-II & OT-II
FOT&E
PRODUCTION & DEPLOYMENT:
LRIP
TOOLING
LONG LEAD ITEMS
LESS-THAN FULL-RATE PRODUCTION
FULL-RATE PROD
IOC
PRODUCTION ITEM DELIVERY AND INITIAL DEPLOYMENT

* Required By Congress

** Optional Milestone; Same documents/reports as M-III.

CED = Concept Exploration / Definition Phase
CDV = Concept Demonstration / Validation Phase
FSD = Full-Scale Development Phase
FRP = Full-Rate Production Phase
OS = Operations Support Phase
DT = Developmental Testing
OT = Operational Testing
FOT&E = Follow-On Operational Test & Evaluation

MNS = Mission Needs Statement
SCP = Systems Concept Paper
DCP = Decision Coordinating Paper
TEMP = Test & Evaluation Master Plan
DPB = Development Program Baseline
PPB = Production Program Baseline
ASR = Acquisition Strategy Report
MER = Manpower Estimate Report

CPSR = Competitive Prototyping Strategy Report
ICE = Independent Cost Estimate
CAIGR = Cost Analysis Improvement Group Report
COEA = Cost & Operational Effectiveness Analysis
CUAS = Common-Use Alternatives Stmt / Analysis
LRIPR = Low-Rate Inital Production Report
EDM = Engineering Development Model
IOC = Initial Operational Capability

ANNEX B: GOALS AND THRESHOLDS[1]

As Of Date:__________	MILESTONE I[2]		MILESTONE II[2]		MILESTONE III[2]		MILESTONE IV[2]		MILESTONE V[2]	
	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD
COST(Constant FYXX Base Year $)[3]										
Total RDT&E										
Total Procurement										
Avg Unit Flyaway (Qty[3])										
Avg Unit Procurement (Qty[3])										
SCHEDULE (Dates)										
Milestone II										
Milestone III										
Initial Operational Capability										
PERFORMANCE[4]										
Technical[5]										
Speed										
Maximum Range										
Rate-of-fire										
Operational[5]										
Hit Probability										
Kill Probability										
READINESS/SUPPORTABILITY[4]										
Technical[5]										
Reliability										
Transportability										
Operational[5]										
Reliability (Field)										
Maintainability										
Operational Availability										
Sortie Rate										
Manning										
INDUSTRIAL BASE										
Leadtime to Produce										
Production Buildup Rate										
Production Rate										
Surge Rate										

[1] Include goal/threshold ranges or variances, when appropriate.

[2] Enter approved program data for prior milestones. Enter proposed data for milestone at hand. (This is last column requiring data entry). Include columns for any additional milestones not shown above (e.g. IIIA, IIIB, etc).

[3] Use terms & definitions per DoDI 5000.33 (reference (i)). Enter cumulative Qty on which average unit cost is based.

[4] Select performance and readiness/supportability parameters appropriate to program (these are examples only).

[5] At Milestones II and III, technical goals and thresholds will be verified by Developmental T&E and Operational goals and thresholds will be verified by Operational T&E.

ANNEX C: RESOURCES - COST TRACK SUMMARY[1]

(Dollars in Millions)

As Of Date:________	Constant FYXX Base Year $			Escalated^4 $
	(Date and Basis)^2 Initial Planning Estimate^2	(Date)^3 ADM Estimate^3	Current Estimate^4	Current Estimate^4
DEVELOPMENT PHASE				
RDT&E (By Program Element)	( )^6	( )^6	( )^6	( )^6
Concept Exploration/Definition Phase				
Concept Demo/Validation Phase				
Full-Scale Development Phase				
Test Vehicle Development				
Test Vehicle Production				
Systems Test & Evaluation				
Other Development Costs				
Contingency/Risk Factor				
Total RDT&E				
MILCON				
O&M^5				
MILPERS^5				
Total Development Phase				
PRODUCTION PHASE				
PROCUREMENT				
System Cost^7				
Flyaway Cost	( )^6	( )^6	( )^6	( )^6
(Provide one level of WBS indenture based on program requirements)				
Other System Costs				
Initial Spares				
Other line item procurement^8				
Total Procurement				
MILCON				
O&M^5				
MILPERS^5				
Total Production Phase				

ANNEX C: RESOURCES - COST TRACK SUMMARY[1] (Continued)

(Dollars in Millions)

	Constant FYXX Base Year $			Escalated[4] $
	(Date and Basis)[2] Initial Planning Estimate[2]	(Date)[3] ADM Estimate[3]	Current Estimate[4]	Current Estimate[4]
TOTAL OPERATIONS & SUPPORT PHASE				
TOTAL XX-YR LIFE-CYCLE ESTIMATE				
AVERAGE ANNUAL SYSTEM O&S COSTS No. of Systems: No. of Years:				
MILITARY MANPOWER				
Unit Manning				
Program Totals (Active/Reserve)				

---

[1] Apply footnotes as required to explain the summary. Adjustments to format are authorized to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be in accordance with DoD Instruction 5000.33 (reference (ii)).

[2] Identify date and basis (MNS or otherwise) for initial planning estimate.

[3] Identify date of previous Acquisition Decision Memorandum (ADM). Add columns as necessary for each successive ADM.

[4] The preferred alternative current estimate will be shown in both constant (base year) and escalated (then year) dollar columns. The escalated estimate will use current FYDP rates and ground rules.

[5] Include other life-cycle related costs (such as installation, project manager office and civilian salaries) funded by O&M and MILPERS appropriations during development or production phases.

[6] Enter development and production quantity, as appropriate.

[7] System cost is equal to weapon system cost as defined in reference (ii).

[8] Industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name (or program element and name) under which funding is required and the amount in each.

NOTE: Explain reasons for significant variations in estimate by footnote (such as, schedule slippage and congressional funding changes).

ANNEX D: RESOURCES - FUNDING PROFILE[1/2]

(Dollars in Millions)

As Of Date:__________

	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
ACQUISITION QUANTITIES[3]								
Development Qty: Funded								
Delivered								
Production Qty: Funded								
Delivered								
DEVELOPMENT PHASE REQMTS								
RDT&E (By Program Element)								
Exploration/Definition Phase								
Demonstration/Validation Phase								
Full-Scale Development Phase								
Test Vehicle Development								
Test Vehicle Production								
Systems Test & Evaluation								
Other Development Costs								
Contingency/Risk Factor								
Total RDT&E								
(Total RDT&E Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Development Phase								
PRODUCTION PHASE REQMTS								
PROCUREMENT[5]								
System Cost[6]								
Flyaway, Rollaway, Sailaway (provide one level of WBS indenture based on program requirements)								
Other System Costs								
Advance Proc Prior Yr (Show as minus entries)								
Advance Proc Current Yr (Show as plus entries)								
Initial Spares								
Other line item Procurement[7]								
Total Procurement								
(Total Procurement Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Production Phase								

ANNEX D: RESOURCES - FUNDING PROFILE[1/2] (Continued)

(Dollars in Millions)

	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
OPERATIONS & SUPPORT PHASE REQMTS								
MILPERS								
O&M								
PROCUREMENT[8]								
RDT&E[8]								
Total Ops & Support Phase								
OTHER REQUIREMENTS[9]								
During Development								
During Production								
During Ops & Support								
Industrial Capacity Investment								
Total Other Requirements								
TOTAL XX-YR LIFE-CYCLE REQMTS								

---

[1] Profile to be completed for each alternative in constant (base year) $ and in escalated (then year) $ using current FYDP rates & ground rules. For the preferred alternative, profile is also to be presented in two forms of industrial reserve capacity: The first will use a program baseline for quantity and rate acceleration span based on maximum available surge/sustained production rates (including any enhancements made to optimize the program baseline). The second will use a program baseline quantity and rate acceleration span based upon predetermined (most likely) surge/sustained production rates.

[2] Apply footnotes as required to explain the profile. Adjustments to format are authorized to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be used per DoD Instruction 5000.33 (reference (ii)). Use as many columns as necessary to show every FY of acquisition funding from initial to last FY, and operations and support funding until steady state operations are achieved.

[3] Identify the number of development and production incremental units to be funded and delivered during each FY.

[4] Other life-cycle related costs (such as installation, project manager office, and civilian salaries) funded by other appropriations; for example, O&M and MILPERS during development or production phases or later.

[5] Enter the costs by appropriation, such as, Aircraft Procurement, Missile Procurement, Shipbuilding & Conversion, or Other Procurement. If more than one applies, identify each separately.

[6] System cost is equal to weapon system cost as defined in reference (ii).

[7] Industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name, or program element (PE) and name, under which funding is required and the amount in each.

[8] Enter Procurement costs associated with operation/owning a weapon system, such as modifications, replenishment spares, and support equipment, and RDT&E costs in operational PEs (other than in Program 6) such as for mods.

[9] System-peculiar costs carried elsewhere in the budget such as, installation, project manager's office, civilian salaries, shore-based training facilities, etc.

ANNEX E: SUMMARY OF LIFE-CYCLE COST OF ALTERNATIVES

As Of Date:________

CONSTANT DOLLARS (in Millions)

ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YR LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

CURRENT DOLLARS (in Millions)

ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YER LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1700

OPERATIONAL TEST
AND EVALUATION

22 JUL 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR
ACQUISITION SYSTEMS MANAGEMENT

SUBJECT: DoD Instruction 5000.2 -

The 14 July revision of DoDI 5000.2 contains improvements over earlier drafts. However, we were unable to review it adequately without the most recent draft of DoDD 5000.1 and all the proposed enclosures to DoDI 5000.2, none of which were enclosed with your memorandum.

Nonetheless, there are some serious problems with this draft which, if not corrected, will preclude our coordination on the final version. In the section on congressional documentation requirements (paragraph E.2.b.(4)), it is stated that the DAB will review our Beyond-Low Rate Initial Production (Beyond-LRIP) reports for accuracy and timely execution. Such a review would constitute a violation of 10 USC 138. The DAE is provided copies of Beyond-LRIP reports for information only.

We do not concur with the new definitions of the milestone review points. For example, the LRIP decision should continue to be made at Milestone IIIA, and the full-rate production decision point should continue to be at Milestone IIIB.

Our detailed comments are attached.

KARL T. PFLOCK
Deputy

Attachment
as stated

DRAFT DOD INSTRUCTION 5000.2

DOT&E DETAILED COMMENTS

General:

- o We are unable to adequately review the proposed draft DoDI 5000.2 without its companion DoDD 5000.1 and without the proposed enclosures and list of references for DoDI 5000.2.

- o DoDD 5000.3 must be included as a reference.

Specific:

Page 1, para.B.3. We cannot concur with this paragraph until the impact of 5000.2 on 5000.3 can be assessed.

Page 2, para.C.4. Add "The projected operational effectiveness and operational suitability of a weapon system concept or alternative is determined through analytical methods in support of Milestone 0, I and II decisions. An operational utility assessment (OUA) will normally be performed by the component's independent OT&E agency."

Page 2, para.C.5.a. Change to "1) mission area analysis (including an operational utility assessment)..."

Page 3, para.C.5.b (2nd para). Add "7) operational utility assessment (OUA)."

Page 4, para.C.5.d. Add the following new paragraph: "A full-rate production decision may not be taken unless the Director, Operational Test and Evaluation has submitted his report on adequacy of operational testing and operational effectiveness and suitability as required by 10 USC 138."

Page 4, para.C.5.d. (2nd para). Change to read "...deliberations are: 1) results of completed operational test and evaluation;..."

Page 4, para.C.5.e. Suggest MS IV include results of initial and follow-on operational testing. Milestone IV is too late to "identify actions and resources needed..." At this milestone, a review of how well previously identified actions have been carried out may be more appropriate.

Page 5, para.D. The listing of procedures is helpful, but should be supplemented by a one-page checklist.

Page 6, para.D.4.d. The requirement for component briefings on OT results and plans to the DOT&E no later than 3 weeks prior to a DAB Committee meeting does not agree with that of DoDD 5000.3. Suggest these briefings be presented to the Chairman, Test and Evaluation Committee.

Page 6, para.D.5. If the DAE presents the findings of the DAB to the SecDef, then this seems to change the nature of the DAB from advisory to the DAE to decision-recommender to SecDef.

Page 6, para.D.5. (end of fifth line). Suggest deletion of the word "recommended." Should read "... will develop and present findings..."

Page 6, para.D.6. (3rd paragraph). "The DAE will issue the ADM...", but who signs it?

Page 6, para.D.6. (last para, 4th line). Change to read "... to the DAE and the chairman of the DRB, and shall be detailed in appropriate budget issue papers for explicit ..."

Page 7, para.E.1.c. (last line). Change to read, "... in preparation for Milestone II in accordance with DoDD 5000.3."

Page 7/8, para.E.1.d. (COEA Report). We do not understand this paragraph. Who prepares the COEA report? What inputs are needed? What is it based on? Suggest inserting the following sentence immediately before the last sentence of the paragraph: "This assessment shall be based on the Operational Utility Assessment (OUA) performed by the Service independent operational test agency."

Page 8, para.E.1.e. Inconsistent. If the DAE makes a recommendation to SecDef, this is in conflict with para. D.5.

Page 8, para.E.1.g. Change to read "... the DCP and TEMP are updated ..."

Page 8, para.E.1.h. The purpose and description of the Program Baseline is not clear. DoDD 5000.1 must be provided before we can assess the impact of this concept on operational test and evaluation.

Page 8, para.E.1.i. Does this mean that only the DAB chair decides what information he wants to hear? It is possible that information can come from unexpected sources on unexpected issues. Suggest delete this paragraph.

Page 9/10, para.E.2.b.(4). The DAB has no such authority to review the DOT&E Beyond-LRIP reports and this provision violates 10 USC 138. Further corrections:

a. "(4) Beyond Low Rate Initial Production (LRIP) Report."

b. "Purpose. The Beyond-LRIP...."

c. "This report must be provided..."

d. "...before the ADM may be signed..."

Tab B-3

DODI 5000.2 (22 JULY 1987)

1) SAE ARMY: CONCUR WITH COMMENTS

COMMENTS: 1) P.L. 99-433 eliminates reporting requirement to Congress for competitive alternative sources report.
2) Three month advance submission of draft documentation is too early.

ACTION: 1) Corrected in revised version.
2) Advance submission is necessary in order to ensure that OSD staff has sufficient time to analyze documentation and request any needed revisions.

2) SAE NAVY: CONCUR WITH COMMENTS

COMMENTS: 1) Milestones IV and V should be delegated to the SAE.
2) Program Manager should notify the DAE of a baseline breach through the SAE, not directly.

ACTION: 1) The DAE and the SecDef reserve the authority to conduct milestone reviews but can always delegate this authority to the appropriate Service if warranted.
2) Corrected in revised version.

3) SAE AIR FORCE: CONCUR WITH COMMENTS

COMMENTS: 1) Do not delay release of FSD RFPs until after the Milestone II decision.
2) Address procedures for Category II (B) programs.

ACTION: 1) Corrected in revised version.
2) Corrected in revised version.

4) VICE CHAIRMAN, JCS: CONCUR WITH COMMENTS

COMMENTS: 1) DIA should provide threat assessment validation.
2) Include language on evolutionary acquisition for C2 systems.

ACTION: 1) Corrected in revised version.
2) Included in DoD Directive 5000.1.

5) ASD (RESERVE AFFAIRS): CONCUR WITH COMMENTS

COMMENTS: 1) Include "disposition of displaced equipment" as a consideration at Milestone IV and V.

ACTION: 1) Corrected in revised version.

6) INSPECTOR GENERAL: NO COMMENTS PROVIDED

7) ATSD (INTELLIGENCE OVERSIGHT): NO COMMENTS PROVIDED

8) PROGRAM ANALYSIS AND EVALUATION: COMMENTS WITH SPECIFIC NONCONCURENCES**

COMMENTS: 1) Do not use Category I and II terminology because of conflict with existing usage.**
2) Life-cycle costs should be a consideration at each Milestone.
3) Correct reference should be made to CAIG review of Service cost estimates
4) Do not delay release of FSD RFPs until after the Milestone II decision.
5) DAB should make new start decisions.**

ACTION: 1) Corrected in revised version.
2) Corrected in revised version.
3) Corrected in revised version.
4) Corrected in revised version.
5) This is a broad issue that encompasses the interaction between the Department's two major management systems: PPBS and DAB. As a practical matter, there will certainly be further refinement of the DAB/PPBS policy. DoDI 5000.2 is not the proper place for the resolution and clarification of this relationship.

9) OPERATIONAL TEST AND EVALUATION: COMMENTS WITH SPECIFIC NONCONCURENCES

COMMENTS: 1) Correct and clarify reference to Beyond-LRIP report.**
2) Clarify reference to Milestone IIIA and III.**

ACTION: 1) Corrected in revised version.
2) Corrected in revised version.

Tab C

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

9 JUL 1987

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: DODD 5000.1 "Major and Non-Major Defense Acquisition Programs" -- ACTION MEMORANDUM

Attached is a revised draft of 5000.1, which contains basic policy for the Defense Acquisition process. To the degree possible, I have accommodated substantive comments from all elements of the Department. Some recommendations for improvement, as we have discussed, are mutually exclusive; in general, the Services want less oversight, OSD more. This simplified version, which incorporates the policy requirements of your staff, has been agreed by the Service Acquisition Executives and has the concurrence of the Office of General Counsel.

This draft describes a streamlined management approach to acquisition programs consistent with Public Law. Your signature is strongly recommended.

Attachment

Prepared by: Admiral William Small/54060/3E1034/9 Jul 87

Department of Defense
DIRECTIVE

NUMBER 5000.1

USD(A)

SUBJECT: Major and Non-Major Defense Acquisition Programs

References:
(a) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986 (hereby canceled)
(b) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
(c) Public Law 98-191, Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (41 USC 401-419)
(d) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(e) through (k), see Enclosure 1.

A. PURPOSE

This Directive cancels and reissues reference (a) and establishes policies, practices, and procedures consistent with the concepts and provisions of references (b) through (d) to govern the acquisition of major and non-major defense acquisition programs.

B. APPLICABILITY AND ORDER OF PRECEDENCE

1. The provisions of this Directive apply to DoD Components as defined herein.

2. This Directive and DoD Instruction 5000.2 (reference (e)) are first and second, respectively, in order of precedence for managing major and non-major defense acquisition programs except when statutory requirements override.

3. All DoD issuances shall be reviewed for conformity with this Directive and reference (e); and, if in conflict, shall be changed or canceled as appropriate. Conflicts remaining after 120 days from issuance of this Directive shall be brought to the attention of the originating office and the Defense Acquisition Executive.

C. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

c. The DAE has specifically designated the program as a major defense acquisition program because of urgency of need, development risk, or other factors such as significant Congressional interest.

8. Major Defense Acquisition Program Milestone Decision Categories. A major defense acquisition program will be designated as either a Category I or Category II Program by the DAE.

a. A Category I Program requires a Secretary of Defense decision at each Milestone review point.

b. A Category II Program designation means that the authority to make a Milestone decision has been delegated to the cognizant DoD Component Head.

9. Acquisition Decision Memorandum. A memorandum to a Component Head signed by the DAE that documents the decisions of the Secretary of Defense regarding a Category I Program.

10. Program Baseline. A formal agreement between a PM and a PEO, SAE, or the DAE which briefly summarizes factors critical to the success of a program, such as functional specifications, cost, and schedule objectives and requirements, against which the program will subsequently be evaluated (See DoD Directive 5000.45, reference (h), for details).

D. POLICIES GOVERNING MAJOR AND NON-MAJOR DEFENSE ACQUISITION PROGRAMS

1. Responsive Support of National Policy and Operational Objectives. The policy of the Department of Defense is to assure that the DoD Acquisition System functions in a timely, efficient and effective manner to achieve the operational objectives of US Armed Forces in support of national policies and objectives, and that the guidelines of reference (b) are met.

2. Streamlined Acquisition Organization. DoD Component Heads shall establish a streamlined acquisition structure for managing major defense acquisition programs and, to the extent practicable, non-major defense acquisition programs.

a. Category I Programs are to have no more than two management tiers (PEO and SAE) between the Program Manager and the Defense Acquisition Executive. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. Category II Programs are to have no more than one management tier (PEO) between the Program Manager and the SAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. Use of an existing US or Allied military or commercial system that fosters a non-developmental acquisition strategy.

c. Modification or improvement of an existing system.

d. A cooperative research and development program with one or more Allied nations.

6. Consideration of Potential Common-Use Solutions. To foster commonality and avoid redundant efforts, all major defense acquisition programs for potential common-use items must consider potential common alternative solutions as early as the Concept Exploration/Definition phase.

7. Affordability Assessments. Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every decision Milestone and during the PPBS process. A major defense acquisition program will not be started unless sufficient resources, including manpower, are or can be programmed to support projected development, testing, production, fielding, and support requirements. In support of this the OSD Cost Analysis Improvement Group will independently validate program cost estimates (per reference (g)).

8. Enhancing Program Stability. Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and will not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established Program Baseline. To enhance program stability, DoD Components will:

a. Conduct meaningful, realistic long-range planning.

b. Consider evolutionary alternatives in parallel with the need for advanced technology insertion so as to strike the most appropriate balance between development/production risk and the risk associated with failing to counter the threat.

c. Estimate, program, budget and fund acquisition programs realistically.

d. Plan for economical rates of production, surge and mobilization requirements, and, where appropriate, multi-year procurement.

e. Establish Program Baselines and assign to Program Managers the authority and resources required to achieve these baselines.

f. Develop and execute tailored acquisition strategies that are consistent with established DoD priorities and Component affordability constraints.

appropriate for research and development phases. For such efforts, a cost-reimbursable contract is preferable because it permits an equitable and sensible allocation of program risk between the contracting parties.

10. Industrial Base Considerations and Government-Industry Relationships. A strong US industrial base is essential for a strong defense. Accordingly, the near-term and long-term implications and ramifications of proposed acquisition programs on the US defense base shall be explicitly considered during the decision making process. Additionally, technical collaboration with industry must be maintained to achieve acquisition objectives and meet technological challenges. However, to protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial.

11. Cooperative Acquisition Efforts. Cooperative acquisition efforts with US Allies are essential to achieve the highest practicable degree of standardization and interoperability of equipment, and avoid duplication of effort. Mobilization requirements shall be a factor considered in evaluating opportunities for international cooperation. (See DoD Directive 2010.6, reference (j)). Multinational agreements shall be structured so that program events and decisions comply with this Directive and DoD Instruction 5000.2 (reference (e)).

E. GENERAL PROCEDURES GOVERNING CATEGORY I PROGRAMS

1. Defense Acquisition Board (DAB). The DAB, chaired by the Defense Acquisition Executive (DAE) and vice-chaired by the Vice Chairman, Joint Chiefs of Staff, shall be the primary forum used by DoD Components to provide advice, assistance, and recommendations, and to resolve issues regarding Category I Program Milestone reviews/decisions and all operating and policy aspects of the DoD Acquisition System (See DoD Directive 5000.49, reference (i)).

2. DAB Acquisition Committee Review. The appropriate DAB Acquisition Committee will review a Category I Program prior to a DAB. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

3. Acquisition Decision Memorandum (ADM) and Program Baseline Changes. The decisions and direction provided in an ADM and the provisions of a Program Baseline for Category I Programs may not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying key acquisition management positions.

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Establish a performance appraisal system within the component for PEOs and PMs consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b.

3. The Vice Chairman of the Joint Chiefs of Staff (VCJCS), as the designee of the Chairman of the Joint Chiefs of Staff (CJCS):

a. Serves as Vice Chairman of the DAB.

b. Serves as Chairman of the Joint Requirements Oversight Council.

c. Provides advice and assistance concerning military requirements and priorities and the feasibility of common-use/joint solutions to Service requirements.

d. Serves as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (e)).

b. Assure that imminent and actual breaches of ADM decisions and approved Program Baselines for Category I Programs are reported expeditiously to the DAE.

c. Establish policies, procedures, and responsibilities for managing Category II Programs that are consistent with those established in this Directive and DoD Instruction 5000.2 (reference (e)).

5. Program Executive Officers shall:

a. Discharge their assigned management responsibilities in a manner consistent with the guidelines established by the Service Acquisition Executive and this Directive.

b. Assure that subordinate Program Managers are cognizant of, and are complying with, the policies and provisions of this Directive.

REFERENCES (Continued from DoDD 5000.1, page 1)

(e) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," March 12, 1986 (under revision)

(f) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(g) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980

(h) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986

(i) DoD Directive 5000.49, "Defense Acquisition Board" (in staffing)

(j) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980

(k) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987; changed April 9, 1987

Tab D

Department of Defense
DIRECTIVE

OLD

[redacted]

March 12, 1986
NUMBER 5000.1

USDRE

SUBJECT: Major System Acquisitions

References: (a) DoD Directive 5000.1, "Major System Acquisitions," November 19, 1985 (hereby canceled)
(b) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
(c) Public Law 98-191, "Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (41 U.S.C. 401-419)
(d) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(e) through (i), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) to update the DoD statement of acquisition policy for major systems or major modifications to existing systems, and to implement the concepts and provisions of references (b) and (c).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), and the Defense Agencies. As used in this Directive, the term "DoD Components" refers to the Military Departments and the Defense Agencies, and the term "Military Service" refers to the Army, Navy, Air Force, and Marine Corps.

C. POLICY

1. General

a. It is the policy of the Department of Defense to ensure that DoD acquisition of major defense systems is carried out efficiently and effectively to achieve the operational objectives of the U.S. Armed Forces in their support of national policies and objectives, and that it meets the guidelines of reference (b).

b. Management responsibility for system acquisition programs shall be decentralized except for the decisions specifically retained by the Secretary of Defense.

c. The management principles and objectives in this Directive shall also be applied to the acquisition of defense systems not designated as major.

2. Acquisition Management Principles and Objectives

a. Effective design and price competition for defense systems shall be obtained to the maximum extent practicable to ensure that defense systems are cost-effective and are responsive to mission needs.

b. Improved readiness and sustainability are primary objectives of the acquisition process. Resources to achieve readiness will receive the same emphasis as those required to achieve schedule or performance objectives. As a management precept, operational suitability of deployed weapon systems is an objective of equal importance with operational effectiveness.

c. Reasonable stability in acquisition programs is necessary to carry out effective, efficient, and timely acquisitions. To achieve stability, DoD Components shall:

(1) Conduct effective long-range planning.

(2) Consider evolutionary alternatives instead of solutions at the frontier of technology; for example, preplanned product improvements (P^3I) to reduce risk.

(3) Estimate and budget realistically, and fund adequately, research, development, test and evaluation, production, logistics, and manpower for major systems.

(4) Plan to achieve economical rates of production, maintain surge capacity, and conduct realistic mobilization planning.

(5) Develop an acquisition strategy at the inception of each major system acquisition that sets forth the objectives, resources, management assumptions, extent of competition, proposed contract types, and program structure (such as, development phases, decision milestones, test and evaluation (T&E) periods, planned concurrency, production releases) and tailors the prescribed steps in the major system acquisition decision-making process to this strategy. When the acquisition strategy is approved by the DoD Component, changes shall be made only after assessment and consideration of the objectives of this Directive, and of the impact of such changes on the program.

d. To promote efficiency in the acquisition process, authority will be delegated to the lowest levels of the Component at which a comprehensive view of the program rests. Responsibility and accountability must be clearly established. In particular, the Military Service program manager shall be given authority and resources commensurate with the responsibility to execute the program efficiently./ Reviews, such as those by the Defense Systems Acquisition Review Council (DSARC), are a means to evaluate the information required for a decision which higher level authority has specifically reserved and not delegated to the program manager. Reviews will not be used to request data other than those required as a basis for higher authority decisions.

e. A cost-effective balance must be achieved among research, development, production, and ownership costs or major systems, and system effectiveness in terms of the mission to be performed.

f. Cooperation with U.S. allies in the acquisition of defense systems will be maximized to achieve the highest practicable degree of standardization and interoperability of equipment, and to avoid duplication of effort. Mobilization requirements will be a factor considered in evaluating opportunities for international cooperation. (See DoD Directive 2010.6, reference (d)).

g. A strong industrial base is essential for a strong defense. To protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial. Technical collaboration with industry must be maintained to achieve major system acquisition objectives and meet technological challenges. The impact of DoD acquisition on the industrial base must also be considered both for the near term and long-range implications.

3. Order of Precedence

This Directive and DoD Instruction 5000.2 (reference (e)) are first and second in order of precedence for major system acquisitions except when statutory requirements override. All DoD issuances shall be reviewed for conformity with this Directive and reference (d) and, if in conflict, shall be changed or canceled, as appropriate. Conflicts remaining after 90 days from issuance of this Directive shall be brought to the attention or the originating office and the Defense Acquisition Executive/Procurement Executive for action.

D. DEFINITIONS

1. Operational Effectiveness. The overall degree of mission accomplishment of a system used by representative personnel in the context of the organization, doctrine, tactics, threat (including countermeasures and nuclear threats), and environment in the planned operational employment of the system.

2. Operational Suitability. The degree to which a system can be placed satisfactorily in field use, with consideration being given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistic supportability, and training requirements.

E. PROCEDURES

1. Analysis of Mission Areas. As a key to a focus on planning, DoD Components, OSD, and OJCS shall conduct continuing analyses of their assigned mission areas to identify deficiencies or to determine more effective means of performing assigned tasks. From these mission analyses, a deficiency or opportunity may be identified that could lead to initiation of a major system acquisition program.

2. Alternatives to New System Development. A system acquisition may result from an identified deficiency in an existing capability, a decision to establish new capabilities in response to a technologically feasible opportunity, a significant opportunity to reduce the DoD cost of ownership,

or in response to a change in national defense policy. Development of a new system may be undertaken only after assessment of alternative system concepts including:

a. Change in U.S. or North Atlantic Treaty Organization (NATO) tactical or strategic doctrine.

b. Use of existing military or commercial system.

c. Modification or improvement of existing system.

3. Phases of the Acquisition Process. There are distinct phases in the acquisition of a new system. Normally, these are concept exploration, demonstration and validation, full-scale development, and production and deployment. These phases are to be tailored to fit each program to minimize acquisition time and cost, consistent with the need and the degree of technical risk involved. For major system acquisitions, the Secretary of Defense will make the decisions described in subsection E.4., below. The Secretary of Defense decision milestones will be tailored to match the selected acquisition strategy. In keeping with the principle of controlled decentralization, the mission need determination has been incorporated into the planning, programing, and budgeting system (PPBS) and the production decision has been delegated to the DoD Components, provided that established thresholds are met. DoD Components shall adhere to this principle by delegating authority to the lowest organizational level feasible. Milestone decision points shall be identified in the acquisition strategy for each major system acquisition.

4. Secretary of Defense Decisions. The Secretary or Defense will make the following decisions in the acquisition of major systems:

a. Mission Need Determination (Milestone 0). The mission need determination is accomplished in the PPBS process based on a Component's justification of Major System New Starts (JMSNS) which is to be submitted with the Program Objectives Memorandum (POM) in which funds for the budget year of the POM are requested. The Secretary of Defense will provide appropriate program guidance in the Program Decision Memorandum (PDM). This action which completes Milestone 0 provides official sanction for a major system new start and authorizes the Military Service, when funds are available, to initiate the next acquisition phase.

b. Milestone I. This first Secretary of Defense major milestone decision is concept selection and entry into the demonstration and validation phase. This decision is based on a System Concept Paper (SCP) prepared by the DoD Component. The Milestone I decision is a validation of the requirement, based upon preliminary evaluation of concepts, IOC threat, costs, schedule, readiness objectives, and affordability. It provides authority to proceed with the demonstration and validation phase and to develop the system sufficiently to support a Milestone II decision. A review of the acquisition strategy may be substituted for a formal Milestone I review for those programs not requiring a discrete demonstration and validation phase. The Milestone I decision shall establish thresholds and objectives to be met and reviewed at the next milestone, the acquisition strategy for the recommended concepts (including the nature and timing of the next Secretary of Defense decision point), and a dollar threshold that cannot be exceeded to carry the program through the next milestone.

c. Milestone II

(1) The second Secretary of Defense major decision is program go-ahead and approval to proceed with full-scale development. The production decision at Milestone III is delegated to the DoD Components, provided the thresholds established at Milestone II are met. The production decision may be redelegated to the lowest level in the organization at which a comprehensive view of the program rests. The timing of the Milestone II decision is flexible and depends upon the tailored acquisition strategy approved by DoD Components and the Secretary of Defense at Milestone I.

(a) The Milestone II review will occur at the point where a program moves from demonstration and validation into full-scale development.

(b) In some cases it may be desirable to delay the Milestone II review until some additional development effort has been accomplished. The purpose is to provide a better definition of system performance, IOC threat, cost, schedule, productivity, industrial base responsiveness, supportability, and testing, thereby reducing risk and uncertainty before the commitment to a major increase in the application of resources toward full-scale development is made. In the case of a delayed Milestone II decision, any full-scale development contracts entered into before Milestone II will be written so that the program can be terminated at Milestone II at least cost to the government.

(2) Whatever timing for the Milestone II review is selected in the acquisition strategy, both DoD Component and OSD reviews shall be held reasonably close so that program managers will not be required to pass the same milestone more than once. It is generally desirable to maintain design competition up to the Milestone II decision point, or beyond, if it is determined to be a cost-effective acquisition strategy.

(3) The Defense Acquisition Executive (DAE)/Procurement Executive (PE) shall advise the Secretary of Defense on all of the major milestone decisions. Normally, the DAE/PE will be assisted by the DSARC at Milestones 0, I, and II.

5. Directed Decisions by Higher Authority. When a line official above the program manager exercises decision authority on program matters, the decision shall be documented as official program direction to the program manager, and a copy shall be provided to the DAE/PE and appropriate DSARC chair. The line official shall be held accountable for the decision.

6. Designation of Major Systems. The Secretary of Defense shall designate those systems that are to be managed as major systems. Normally, this shall be done when a major system new start is authorized in the PDM. The decision to designate any system as major may, after consultation with the DoD Component concerned, be based upon:

a. Development risk, urgency of need, or other items of interest to the Secretary of Defense.

b. Joint acquisition of a system by the Department of Defense and representatives of another nation, or by two or more DoD Components.

c. The estimated requirement for the system's research, development, T&E, procurement (production), and operation and support resources. A JMSNS is required for all acquisitions for which the DoD Component estimates costs to exceed $200 million (FY80 dollars) in RDT&E funds or $1 billion (FY80 dollars) in procurement (production) funds, or both.

d. Significant congressional interest.

7. Affordability (DSARC/PPBS Interface). Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every milestone and during the PPBS process. The order of magnitude of resources the DoD Component is willing to commit, and the relative priority of the program to satisfy the need identified in the JMSNS will be reconciled with overall capabilities, priorities, and resources in the PPBS. System planning shall be based on adequate funding of program cost. A program normally shall not proceed into concept exploration or demonstration and validation unless sufficient resources are or can be programed for those phases. Approval to proceed into full-scale development or into production shall be dependent on DoD Component demonstration that resources are available or can be programed to complete development, to conduct adequate test and evaluation, to produce efficiently, and to operate and support the deployed system effectively. Funding availability shall be reaffirmed by the DoD Component before proceeding into production and deployment. To avoid creating program instability, funding changes shall not be introduced without assessment and consideration of the impact of these changes on the overall acquisition strategy for the major system to be acquired. Specific facets of affordability to be reviewed at milestone decision points are set forth in DoD Instruction 5000.2 (reference (e)).

8. Acquisition Time. Minimizing the time it takes to acquire materiel and facilities to satisfy military needs shall be a primary goal in the development of an acquisition strategy. Particular emphasis shall be placed on minimizing the time from a commitment to acquire an operationally suitable, supportable, and effective system to deployment with the operating forces in sufficient quantities for full operational capability. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas; early funding to design-in reliability and support characteristics, lead time reductions through concurrency; experimental prototyping of critical components; combining phases; combining developmental and operational test and evaluation; preplanned product improvement; additional test articles; or omitting phases, should be encouraged. When combining or omitting phases is appropriate, concurrence shall be requested from the Secretary of Defense. Administrative delays associated with briefing and reviews at various organizational levels shall be minimized.

9. Tailoring and Flexibility. The acquisition strategy developed for each major system acquisition shall consider the unique circumstances of individual programs. Programs shall be executed with innovation and common sense. To this end, the flexibility inherent in this Directive shall be used to tailor an acquisition strategy to accommodate the unique aspects of a particular program as long as the strategy remains consistent with the basic logic for system acquisition problem-solving and the principles in this Directive for business and management considerations. The acquisition strategy shall normally contemplate narrowing the number of competing alternatives to eliminate concepts no longer considered viable as the acquisition process proceeds.

This narrowing of competing alternatives shall be accomplished without interrupting the remaining contracts, and need not be timed to coincide with milestone decisions. However, competition for each phase, including, when appropriate, plans for design competition in the early phases and price competition in production, shall be described in the acquisition strategy.

10. Test and Evaluation. The objective of the acquisition process is to develop and produce operationally effective and suitable systems. Throughout this process T&E shall be employed to determine operational effectiveness and suitability and verify achievement of performance thresholds. The procedures of DoD Directive 5000.3 (reference (f)) will be integral to all systems acquisition planning and decision making.

11. Readiness. Readiness goals and related design requirements and activities shall be established early in the acquisition process, and shall receive emphasis comparable to that applied to cost, schedule, and performance objectives. Logistic supportability shall be considered early in the formulation of the acquisition strategy and in its implementation. Projected or actual achievement of readiness objectives will be assessed at each milestone. (See DoD Directive 5000.39, reference (g)).

12. Documentation

a. Mission Need Determination - Justification for Major System New Start (JMSNS). Each major system acquisition program requires a JMSNS to be reviewed by the OSD in the POM review before the new start is included in the DoD budget submission. DoD Components shall prepare JMSNS to document major deficiencies (or opportunities for improvements) in their ability to meet mission requirements when it is planned that such deficiencies be corrected by the acquisition of a major new system or a major modification to an existing major system. Joint JMSNS shall be prepared to document major deficiencies in two or more DoD Components. OSD and the OJCS may also prepare JMSNS in response to mission area deficiencies. Joint OSD and OJCS JMSNS shall recommend a lead DoD Component to the Secretary of Defense. The JMSNS is described in DoD Instruction 5000.2 (reference (e)).

b. Milestone I - System Concept Paper (SCP). The SCP provides basic documentation for use by DSARC members in arriving at a recommendation to the Secretary or Defense. The SCP is described in reference (e). The SCP will identify program alternatives based upon initial studies and analyses or design concepts; alternative acquisition strategies; expected operational capabilities; industrial base capacity; readiness, support, and personnel requirements; and cost estimates. The Test and Evaluation Master Plan (TEMP), as described in DoD Directive 5000.3 (reference (f)), will outline the T&E program.

c. Milestone II (and Milestone III if the Secretary of Defense's decision is required) - Decision Coordinating Paper/Integrated Program Summary (DCP/IPS). The DCP/IPS summarizes the DoD Component's acquisition planning for the system's life-cycle and provides a management overview of the program. The DCP/IPS is described in DoD Instruction 5000.2 (reference (e)). The TEMP (reference (f)) will define the T&E program for the full-scale development phase.

d. Beyond Low Rate Initial Production - LRIP Report. The LRIP Report is an assessment of the adequacy of OT&E and the effectiveness and suitability of a weapon system for combat, prepared by the Director, Operational Test and Evaluation (DOT&E), which is provided to the Secretary and the Congress. This report must be received by the House and Senate Committees on Armed Services and Appropriations before a Secretary of Defense Decision Memorandum (SDDM), Service Secretary Decision Memorandum, or other similar memorandum may be signed documenting a decision to proceed beyond low rate initial production (LRIP) for any major defense acquisition program monitored by the DOT&E as defined in DoD Directive 5000.3 (reference (f)).

e. OSD Staff Information Requirements. DoD Components' appropriate staff elements will work with the OSD staff so that OSD can maintain current visibility over matters such as cost, supportability, T&E, industrial base responsiveness, and production readiness throughout the acquisition process.

f. Secretary of Defense Decision. Secretary of Defense approval of the JMSNS is accomplished in the PPBS when the major system new start is approved by the Secretary of Defense in the PDM. Changes, if any, from the DoD Component approach directed by the Secretary shall be documented in the PDM. For a joint program JMSNS and all program milestones, a SDDM documents each Secretary of Defense decision, establishes program goals and thresholds, reaffirms established needs and program objectives, authorizes exceptions to acquisition policy and provides the direction and guidance to OSD, OJCS, and the DoD Components for the next phase of the acquisition.

F. RESPONSIBILITIES

1. The Deputy Secretary of Defense is designated the Defense Acquisition Executive (DAE) and the Procurement Executive (PE). In this capacity, the Deputy Secretary of Defense shall:

a. Be the principal advisor to the Secretary of Defense for the acquisition of defense systems and equipment.

b. Through the DSARC chair, ensure the management process, policies, and procedures for major system acquisitions are integrated and unified.

c. Monitor and ensure DoD compliance with the policies and practices in OMB Circular A-109, this Directive, DoD Instruction 5000.2, P.L. 98-191, and DoD Directive 5000.3 (references (b), (e), (c), and (f)).

2. The Under Secretary of Defense for Research and Engineering (USDRE) shall be responsible for policy, review, and acquisition strategy of all research, engineering development, technology, and developmental test and evaluation of systems covered by this Directive, and shall:

a. Serve as a permanent member and DSARC chair for Milestone 0, I, and II DSARC reviews. The USDRE may on occasion specify an alternate chair, based upon the nature of the system.

b. Ensure during Milestone 0, I and II DSARC reviews integration of the acquisition process and the PPBS.

c. Monitor, in conjunction with the Under Secretary of Defense for Policy, the Assistant Secretary of Defense (Command, Control, Communications and Intelligence ($ASD(C^3I)$), and the Director, Program Analysis and Evaluation (DPA&E), DoD Component procedures for analysis of mission areas.

d. Coordinate the review of JMSNS provided by DoD Components in the POM to determine whether major system new starts should be included in the PDM.

e. Coordinate with the Assistant Secretary of Defense (Acquisition & Logistics) (ASD(A&L)); Assistant Secretary of Defense (Comptroller) (ASD(C)); Assistant Secretary of Defense (Force Management and Personnel)(ASD(FM&P)); $ASD(C^3I)$; DOT&E; and DPA&E, the interface of the acquisition process with the PPBS.

f. The USDRE, when serving as DSARC chair, shall:

(1) Ensure that the requirements and viewpoints of the functional areas are given consideration during staff and DSARC deliberations, and are integrated in the recommendations submitted through the DAE/PE to the Secretary of Defense.

(2) Ensure consistency in applying the policies regarding NATO rationalization, standardization, and interoperability (RSI) for major systems.

(3) Be delegated authority specifically to:

(a) Designate action officers who shall be responsible for the processing of the major milestone decision documentation and who shall monitor the status of major systems during the research and development phases of the acquisition process.

(b) Recommend the lead Component for multi-Service research and development programs and provide guidance as to when in the development cycle transition to single Military Service management will occur.

(c) Issue instructions and one-time directive-type memoranda consistent with DoD Directive 5025.1 (reference (h)).

(d) Obtain such reports and information, consistent with the provisions of DoD Directive 5000.19 (reference (i), as may be necessary in the performance of assigned functions.

(e) Conduct program reviews, as appropriate. Program reviews are more limited in scope than DSARC reviews, generally address specific aspects of the program, and do not necessarily serve as a basis for a Secretary of Defense decision recommendation.

3. The Under Secretary of Defense for Policy (USD(P)) as a permanent member of the DSARC, shall:

a. Determine whether system requirements as defined in the JMSNS are consistent with policy and planning provisions of the Defense Guidance;

b. Provide advice through the appropriate DSARC chair to the DAE/PE on the international implications, including co-production, of any new major system development;

c. Monitor, in conjunction with the USDRE, ASD(C^3I), and DPA&E, DoD Component procedures for analysis of mission areas.

4. The Assistant Secretary of Defense (Acquisition and Logistics) (ASD(A&L)) shall be responsible for policy, review, and acquisition strategy for the production procurement of all systems covered by this Directive and for policy on logistics, facility construction, energy, and environment for new major systems throughout their life cycle, and shall:

a. Serve as a permanent member and DSARC chair for Milestone III DSARC reviews. The ASD(A&L) may on occasion specify an alternate chair based upon the nature of the system.

b. Ensure that, during Milestone III, DSARC reviews integration of the acquisition process and PPBS.

c. Ensure that logistics planning is consistent with system hardware parameters, logistic policies, and readiness objectives.

d. Monitor DoD Component procedures for planning and providing post production support to meet system readiness objectives.

e. Coordinate, with the USDRE, ASD(C), ASD(MRA&L)... ASD(FM&P), ASD(C^3I), DOT&E, and DPA&E, the interface of the acquisition process with the PPBS.

f. The ASD(A&L), when serving as DSARC chair, shall:

(1) Ensure that the requirements and viewpoints of the functional areas are given consideration during staff and DSARC deliberations, and are integrated in the recommendations submitted through the DAE/PE to the Secretary of Defense.

(2) Be delegated authority specifically to:

(a) Designate action officers who shall be responsible for the processing of the major milestone decision documentation and who shall monitor the status of major systems during the production phase of the acquisition process.

(b) Issue instructions and one-time directive-type memoranda consistent with DoD Directive 5025.1 (reference (h)).

(c) Obtain such reports and information, consistent with the provisions of DoD Directive 5000.19 (reference (i), as may be necessary in the performance of assigned functions.

(d) Conduct program reviews, as appropriate. Program reviews are more limited in scope than DSARC reviews, generally address specific aspects of the program, and do not necessarily serve as a basis for a Secretary of Defense decision recommendation.

5. The Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)), as a permanent member of the DSARC, shall:

a. Be responsible for policy on manpower planning and safety of systems covered by this Directive.

b. Coordinate with the USDRE, ASD(A&L), ASD(C), ASD(C^3I), DOT&E, and DPA&E, the interface of the acquisition process with the PPBS.

6. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C^3I)) shall:

a. Serve as a DSARC member for those DSARC milestone reviews concerning C^3I systems.

b. Coordinate with the USDRE, ASD(A&L), ASD(C), ASD(FM&P), DOT&E, and DPA&E, the interface of the acquisition process with the PPBS.

7. The Assistant Secretary of Defense (Comptroller) (ASD(C)), as a permanent member of the DSARC, shall coordinate, together with the USDRE, ASD(A&L), ASD(FM&P), ASD(C^3I), DOT&E, and DPA&E, the interface of the acquisition process with the PPBS.

8. The Director, Operational Test and Evaluation (DOT&E) shall:

a. Serve as a permanent member of the DSARC for all Milestone and other reviews.

b. Review and approve operational test planning information provided in the Test and Evaluation Master Plan.

c. Assess the adequacy of OT&E and whether test results confirm the operational effectiveness and suitability of major systems. Provide this assessment to the DSARC and, when the DOT&E considers it necessary to support a decision to proceed beyond LRIP, report this information (LRIP Report) to the Secretary and the Congress.

d. Advise the Secretary of Defense on all aspects of OT&E.

9. The Director, Program Analysis and Evaluation (DPA&E), as a permanent member of the DSARC, shall:

a. Monitor in conjunction with the USDRE, USD(P), and ASD(C^3I) DoD Component procedures for analysis of mission areas.

b. Evaluate cost-effectiveness studies prepared in support of milestone decisions for major system acquisitions.

c. Coordinate with the USDRE, ASD(C), ASD(A&L), ASD(FM&P), ASD(C^3I), and DOT&E, the interface of the acquisition process with the PPBS.

10. The Chairman, Joint Chiefs of Staff (JCS), or a designee, shall be a permanent member of the DSARC.

11. The Secretary of each Military Department, or a designee, shall be a permanent member of the DSARC for major system acquisitions involving his Department.

12. The Head of each DoD Component shall manage each major system acquisition assigned by the Secretary of Defense, establish clear lines of authority, responsibility, and accountability, and shall:

a. Appoint a DoD Component acquisition executive to serve as the principal advisor and staff assistant to the head of the DoD Component.

b. Establish a System Acquisition Review Council (SARC) at the Component level to advise the Component head on designated acquisition programs.

c. Ensure that a program manager is assigned and that a program manager's charter is approved as soon as feasible after mission need is determined and resources are allocated in the budget.

d. Ensure that the program manager's tenure is of sufficient length to provide continuity and management stability.

e. Establish management training and career incentives to attract, retain, motivate, and reward competent program managers.

f. Provide a program manager the necessary assistance to establish a strong program office with clearly established lines of authority and reporting channels between the program manager and the head of the DoD Component. Where functional organizations exist to assist the program manager, the relationship of the functional areas to the program manager shall be established.

g. Limit reporting requirements for the program manager to the least required for effective oversight.

h. Monitor major system acquisitions to assure compliance with OMB Circular A-109, this Directive, DoD Instruction 5000.2, and DoD Directive 5000.3 (references (b), (e), and (f)).

i. Manage the program, when designated lead Component for multi-Service acquisitions, under the policies and procedures used by that Military Service. The program manager, program manager's office, and functional elements of each participating Service shall operate under the policies, procedures, data standards, specifications, criteria, and financial accounting of the lead Component. Exceptions, as a general rule, will be limited to those where prior mutual agreement exists, or those essential to satisfy substantive needs of the participating Services.

j. Designate a single major field agency, separate and distinct from the materiel developing and procuring commands and user representative commands, to be responsible for the conduct of operational T&E. This agency will report the results of its independent operational T&E directly to the Military Service Chiefs and Secretaries of the Military Departments.

13. The Defense Systems Acquisition Review Council (DSARC) shall advise the Secretary of Defense through the DAE/PE on milestone decisions for major systems and such other issues as the DSARC chair determines to be necessary.

14. The advisors to the DSARC are listed in DoD Instruction 5000.2 (reference (e)).

15. The Program Manager shall be responsible for acquiring and fielding (in accordance with instructions from line authority) a system that meets the approved mission need and achieves the established cost, schedule, readiness, and affordability objectives.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Under Secretary of Defense for Research and Engineering within 120 days.

William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

Enclosure
  References

REFERENCES, continued

(e) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986

(f) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(g) DoD Directive 5000.39, "Acquisition and Management of Integrated Logistics Support for Systems and Equipments," November 17, 1983

(h) DoD Directive 5025.1, "Department of Defense Directives System," October 16, 1980

(i) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976

Tab E

1st Draft - 16 Mar 87

Proposed Charter
for
Defense Acquisition Board

SUBJECT: Defense Acquisition Board

References:
(a) DoD Directive 5134.1, "Under Secretary of Defense , (Acquisition)", February 10, 1987
(b) USD(A) Directive 5000.1, "Defense System Acquisition",
(c) USD(A) Directive 5000.2, "Defense System Acquisition Procedures",
(d)

A. PURPOSE

This charter establishes the Defense Acquisition Board (DAB) as a standing operating board with mission, terms of reference, composition, responsibilities and authorities, operating procedures and arrangements as stated below.

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense (DoD). The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); and Defense Agencies.

C. MISSION

The DAB shall be the primary forum used by DoD Components to provide advice, assistance and recommendations, ~~and~~ to resolve issues regarding all aspects ~~of the~~ DoD Acquisition System in support of the oversight responsibilities and functions of the Under Secretary of Defense for Acquisition, (USD(A)) in his capacities as the Defense Acquisition Executive (DAE) and Defense Procurement Executive.

D. TERMS OF REFERENCE

Specific tasks to be performed in accomplishing this mission include, but are not limited to:

1. Promoting coordination, cooperation and mutual understanding of all matters related to the DoD Acquisition System, particularly those involving cross-service and Allied management of joint programs, within DoD and between DoD and other Federal Agencies, and with Cooperative Programs and Allied Nations.

2. Approving for implementation policy and procedural initiatives that streamline and improve the efficiency and effectiveness of the DoD Acquisition System.

3. Developing recommendations regarding alternative near- and long-term acquisition strategies, plans and resource levels for action by the Defense Resources Board (DRB) and the Secretary of Defense, as appropriate.

4. Identifying and resolving issues and concerns, and developing recommendations regarding specific programs, acquisition policy and guidance matters, and actual and projected resource allocation levels, during both the milestone review and the planning, programming and budgeting processes for action by the DRB and the Secretary of Defense, as appropriate.

5. milestone

5. Identifying issues for study and analysis by the standing operating committees of the DAB.

E. COMPOSITION

1. Chairperson. The Chairperson shall be the USD (A).

2. Membership. Membership will be restricted to the persons apppointed to or serving in the following designated positions:

[List membership by position/component.]

3. Invited Participants/Advisors. Representatives from DoD Components and other Government Agencies not listed above, at the invitation of the Board Chairperson, may participate in Board activities involving matters in which that Component or Agency has a significant interest, or if the Chairperson determines that the presence of the representative is required because of the specific isues being considered.

F. RESPONSIBILITIES AND AUTHORITIES

1. The Board Chairperson is responsible for ensuring that all issues are addressed comprehensively and that the DRB and the Secretary of Defense, as appropriate, are informed of disagreements and minority positions on all matters forwarded for decision and action.

2. Committee members are responsible for representing their Components on all matters addressed by the Board and for proposing initiatives and issues for consideration.

3. When complete agreement by DoD Component representatives involved in an issue can be reached, the Board Chairperson as the DAE will direct the

appropriate USD(A) Staff Principal to prepare and transmit necessary implementing instructions through established channels.

4. In those cases where complete agreement cannot be reached, the Board Chairperson will announce a decision. In such cases, the DoD Component(s) involved may request the decision be reconsidered ~~by the DRB or the Secretary of Defense as appropri~~ate.

5. The DAB Chairperson is responsible for establishing an integrated structure of councils and committees that relate to acquisition matters to accomplish the DAB mission.

G. OPERATION AND ADMINISTRATION

1. The Board Chairperson shall:

a. Direct and supervise the operations of the Board;

b. Schedule and preside at all Board meetings;

c. Appoint an Executive Secretariat who will provide administrative assistance and support Board operations and proceedings;

d. Ensure agendas and supporting documents that facilitate decisionmaking by the Board are prepared and distributed well in advance of scheduled meetings;

e. Prepare and sign charters for all councils and committees reporting directly to the DAB;

f. Ensure appropriate reports are prepared as well as other documents and records of Board activities;

g. Ensure copies of the minutes of all Board meetings are prepared and distributed to all members as soon as practicable.

2. Issues addressed by the Board may be directed by the Secretary of Defense, DRB or the DAE; or be seleted from items submitted by Board members and the supporting structure of councils and committees.

3. The Board shall operate in accordance with the provisions of DoD Directive 5105.18, "Department of Defense Committee Management Program," March 20, 1984.

APPROVED:

Caspar Weinberger
Secretary of Defense

Date:

Tab F

Department of Defense
DIRECTIVE

NUMBER

SUBJECT: Major and Non-Major Defense Acquisition Programs

References:
(a) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986 (hereby canceled)
(b) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," ~~March 12, 1986 (under revision)~~
(c) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987
(d) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(e) through (~~X~~z), see Enclosure 1.

A. REISSUANCE AND PURPOSE

1. This Directive cancels and reissues reference (a) and establishes policies, practices, and procedures consistent with the concepts and provisions of references (b) through (~~X~~) to govern the acquisition of major and non-major defense acquisition programs.

2. This Directive and DoD Instruction 5000.2 (reference (b)) provide policies and procedures ~~are first and second, respectively, in order of precedence~~ for managing major and non-major defense acquisition programs, except when statutory requirements override.

3. All DoD issuances shall be reviewed for conformity with this Directive and reference (b) and, if in conflict, shall be changed or canceled as appropriate. Conflicts remaining after 120 days from issuance of this Directive shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

~~1.~~ The provisions of this Directive apply to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to as DoD Components).

C. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. Defense Acquisition Executive (DAE). The principal adviser to the Secretary of Defense on all matters pertaining to the Department of Defense Acquisition System. The Under Secretary of Defense for Acquisition (USD(A)) is the DAE and the Defense Procurement Executive (~~see~~ DoD Directive 5134.1, reference (c)).

3. Service Acquisition Executive (SAE). The senior acquisition executive within each Military Department, designated by the Component Head, responsible for administering acquisition programs in accordance with established DoD policies and guidelines (DoD Directive 4245.1 (reference (d)). The terms "Service Acquisition Executive" and "SAE" as used in this Directive also apply to the senior acquisition executive within any DoD Component having cognizance over an acquisition program. The SAE is also the senior procurement executive for each Military Department for the purposes of section 16(3) of P.L. 98-191 (reference (e)).

4. Program Executive Officers (PEO). Officials responsible for administering a defined number of major and/or non-major acquisition programs who report to and receive direction from an SAE.

5. Program Managers (PM). Officials responsible for managing a specific acquisition program who report to and receive direction from either a PEO or an SAE.

6. Major Defense Acquisition Program. Consistent with the criteria of Section 2430 of Title 10, U.S. Code, "Major Defense Acquisition Programs Defined" (reference (b)), a DoD acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and:

delegate w/USD/A checks

a. That is designated by the Secretary of Defense as a major defense acquisition program because of urgency of need, development risk, joint funding, significant Congressional interest, or other considerations, or

b. That is estimated by the Secretary of Defense to require an eventual total expenditure for research, development, test, and evaluation of more than $200 million (based on Fiscal Year 1980 constant dollars) or an eventual total expenditure for procurement of more than $1 billion (based on Fiscal Year 1980 constant dollars).

7. ~~Major~~ Defense Acquisition Program Milestone Decision~~s/Categories. A major defense acquisition program will be designated as either a Category A or Category B program by the DAE.~~

a. A major defense acquisition ~~Category A~~ program requires a Secretary of Defense decision at each milestone review point unless delegated to the cognizant DOD Component Head by the Secretary of Defense.

Non-major defense acquisition program
milestone decisions will be made by

b. ~~A Category B program designation means that the authority to make a milestone decision has been delegated to~~ the cognizant DoD Component Head, unless determined otherwise by the Secretary of Defense. (ASM)

8. Acquisition Decision Memorandum. A memorandum to a Component Head signed by the DAE that documents the decisions of the Secretary of Defense regarding a ~~Category A~~ major defense acquisition program.

9. Program Baseline. A formal agreement between a PM and a PEO, SAE, or the DAE that briefly summarizes factors critical to the success of a program, such as functional specifications, cost, and schedule objectives and requirements, against which the program will subsequently be evaluated (~~See~~ DoD Directive 5000.45 (reference (g)).

D. POLICY

The following policies govern the acquisition of major and non-major acquisition programs.

1. Responsive Support of National Policy and Operational Objectives. The policy of the Department of Defense is to assure that the DoD Acquisition System functions in a timely, efficient and effective manner to achieve the operational objectives of U.S. Armed Forces in support of national policies and objectives, and that the guidelines of OMB Circular A-109 (reference (h)) are met.

2. Streamlined Acquisition Organization. DoD Component Heads shall establish a streamlined acquisition structure for managing major defense acquisition programs and, to the extent practicable, non-major defense acquisition programs.

a. Major defense acquisition ~~Category A~~ programs are to have no more than two management tiers ~~(Program Executive Officer~~ (PEO) and ~~Service Acquisition Executive~~ (SAE)) between the ~~Program Manager~~ (PM) and the DAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. Non-major defense acquisition ~~Category B~~ programs are to have no more than one management tier, PEO, between the PM and the SAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

3. Acquisition Phases and Milestone Decision Points. The acquisition process is normally divided into five phases to enhance management effectiveness. These phases are to be tailored to fit each acquisition to minimize acquisition time and life-cycle costs, consistent with the urgency of need and degree of technical risk involved, and progress as demonstrated by validated test results. The following milestone decision points and phases are to be used to manage major and non-major defense acquisition programs. Decision criteria and considerations for each milestone decision are contained in DoD Instruction 5000.2 (reference (b)). ~~[illegible] under revision~~

a. Milestone 0 - Approval or disapproval of a mission need and entry into the concept exploration/definition phase.

b. Milestone I - Approval or disapproval to proceed into the concept demonstration/validation phase.

c. Milestone II - Approval or disapproval to proceed into the full-scale development phase and, as appropriate, low rate initial production.

d. Milestone III - Approval or disapproval to proceed into the full-rate production and initial deployment phase. Initial deployment also marks the beginning of the operations support phase.

e. Milestone IV - Encompasses a review 1 to 2 years after initial deployment to assure operational readiness and support objectives are being achieved and maintained during the first several years of the operations support phase.

f. Milestone V - Encompasses a review 5 to 10 years after initial deployment of a system's current state or operational effectiveness, suitability, and readiness to determine if major upgrades are necessary, or if existing deficiencies warrant consideration of replacement action.

4. Continuing Analyses of Mission Areas. DoD Components are to conduct continuing analyses of their assigned areas of responsibility to identify deficiencies and to determine more effective means of performing assigned tasks. These analyses may result in recommendations to initiate new acquisition programs to reduce or eliminate operational deficiencies, to establish new capabilities in response to a technologically feasible opportunity, to reduce the DoD cost of ownership significantly, or to respond to a change in national defense policy.

5. Requirements Validation and Alternatives to New Developments. The basis of need or requirement for each new acquisition program shall be thoroughly reviewed and validated. Further, a major defense acquisition program involving development of a new system or item shall be undertaken only after carefully assessing alternative approaches to satisfying the basis of need or requirement, such as the following:

a. Changes in U.S. and ~~and~~ Allied strategic or tactical concepts and doctrine for dealing with the threat.

b. Use of an existing U.S. or Allied military or commercial system that fosters a non-developmental acquisition strategy.

c. Modification or improvement of an existing system.

d. A cooperative research and development program with one or more Allied nations.

6. Consideration of Potential Common-Use Solutions. To foster commonality and avoid redundant efforts, all major defense acquisition programs for potential common-use items must consider potential common alternative solutions as early as the concept exploration/definition phase.

7. Affordability Assessments. Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every decision milestone, ~~and during the Planning, Programming and Budgeting System (PPBS) process.~~ A major defense acquisition program stet

shall not be started unless sufficient resources, including manpower, are or can be programmed to support projected development, testing, production, fielding, and support requirements. In support of this, the OSD Cost Analysis Improvement Group will independently validate program cost estimates under DoD Directive 5000.4 (reference (i)). ~~[illegible]~~

8. Enhancing Program Stability. Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and shall not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established program baseline. To enhance program stability, DoD Components will:

a. Conduct meaningful, realistic long-range planning.

b. Consider evolutionary alternatives in parallel with the need for advanced technology insertion so as to strike the most appropriate balance between development and/or production risk and the risk associated with failing to counter the threat.

c. Estimate, program, budget and fund acquisition programs realistically.

d. Plan for economical rates of production, surge and mobilization requirements, and, where appropriate, multi-year procurement.

e. Establish program baselines and assign to PMs the authority and resources required to achieve these baselines.

f. Develop and execute tailored acquisition strategies that are consistent with established DoD priorities and Component affordability constraints.

9. Tailored Acquisition Strategy. A primary goal in developing an acquisition strategy is to minimize the time it takes to satisfy the identified need consistent with common sense, sound business practices, and the basic management policies of this Directive. To this end, the following are to be considered in developing appropriate strategies tailored to meet the unique circumstances of individual programs.

a. During the initial phases of development, studies shall be conducted to identify trade-offs between cost and performance requirements, assess technological risk, and identify the cost drivers and producibility factors associated with using new or immature technologies.

b. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas; using early funding to design-in reliability and support characteristics; reducing lead time through concurrency; using competitive prototyping of critical components; combining acquisition phases and making use of evolutionary acquisition procedures; and combining developmental and operational test and evaluation shall be considered and adopted when appropriate. In this regard, the procedures of DoD Directive 5000.3 (reference (f)) shall be integral to all acquisition planning and decision making.

c. Provisions for obtaining competition in each phase of the acquisition process shall be described in the acquisition strategy. This includes planning for competition for ideas and technologies in the early phases, and the use of commercial-style competition procedures that emphasize quality and established performance as well as price during the production phase. The strategy should normally contemplate narrowing the number of competing alternatives to eliminate concepts no longer considered viable as the acquisition process proceeds. This narrowing of competing alternatives shall be accomplished without unduly interrupting the remaining contracts, and need not be timed to coincide with milestone decision points.

d. Competitive prototyping of critical components, subsystems, or systems and early operational test and evaluation beginning in the concept demonstration/validation phase are encouraged and shall be emphasized.

e. Logistic supportability requirements, in the form of readiness goals and related design requirements and activities, shall be established early in the acquisition process and be considered in the formulation of the acquisition strategy. They shall receive emphasis comparable to that accorded to cost, schedule, and performance objectives and requirements.

f. Whenever possible and appropriate, consideration should be given to maximizing the use of "off-the-shelf" commercial products and the streamlining of military specifications so that only those military specifications that are directly relevant to the item(s) being procured are applied.

g. Contract type shall be consistent with all program characteristics including risk. Fixed price contracts are normally not appropriate for research and development phases. For such efforts, a cost-reimbursable contract is preferable because it permits an equitable and sensible allocation of program risk between the contracting parties.

10. Industrial Base Considerations and Government-Industry Relationships. A strong U.S. industrial base is essential for a strong defense. Accordingly, the near-term and long-term implications and ramifications of proposed acquisition programs on the U.S. defense base shall be explicitly considered during the decision making process. Additionally, technical collaboration with industry must be maintained to achieve acquisition objectives and meet technological challenges. However, to protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial.

11. Cooperative Acquisition Efforts. Cooperative acquisition efforts with U.S. Allies are essential to achieve the highest practicable degree of standardization and interoperability of equipment, and avoid duplication of effort. Mobilization requirements shall be a factor considered in evaluating opportunities for international cooperation. (~~See~~ DoD Directive 2010.6 (reference (k))). Multinational agreements shall be structured so that program events and decisions comply with this Directive and DoD Instruction 5000.2 (reference (b)).

resolve issues, provide and obtain guidance, and make recommendations to the Secretary of Defense on matters pertaining to the DOD

E. PROCEDURES

1. Defense Acquisition Board (DAB). The DAB, chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff (VCJCS), shall be the primary forum used by DoD Components to ~~provide advice, assistance, and recommendations, and to resolve issues regarding Category A program Milestone reviews and/or decisions and all operating and policy aspects of the DoD~~ Acquisition System, consistent with (DoD Directive 5000.49 (reference (l))).

2. DAB Acquisition Committee ~~Review~~. The appropriate DAB Acquisition Committee will review a ~~Category A~~ major defense acquisition program prior to a DAB meeting. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

Unless made during the [illegible] course of the Planning, Programming, and Budgeting System process,

3. ~~Acquisition Decision Memorandum (ADM)~~ and Program Baseline Changes. The decisions and direction provided in an ADM and the provisions of a program baseline for ~~Category A~~ major defense acquisition programs ~~may~~ not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if the provisions of either of these documents are breached or are in jeopardy of being breached.

4. Decisions Directed by Higher Authority. When an SAE or PEO carry out directions ~~exercise decision authority~~ on a ~~Category A~~ major defense acquisition program, ~~their decision will be documented as official direction~~ documentation on these directions will be given to the ~~Program Manager, and a copy~~ PM, Copies of this documentation will of ~~the direction will~~ be provided to the DAE.

5. Designation of ~~Category A and B~~ Major Defense Acquisition Programs. The DAE shall periodically publish a list ~~designating~~ the major defense acquisition programs, ~~that require milestone decision by the Secretary of Defense (Category A programs) and those that have been delegated to DoD Component Heads for decision (Category B programs).~~

6. Detailed Procedures, Supporting Documentation Requirements and Responsibilities. DoD Instruction 5000.2 (reference (b)) provides additional guidance regarding the specific procedures, supporting documentation requirements, and responsibilities for ~~Category A~~ major defense acquisition programs.

F. RESPONSIBILITIES

1. The Under Secretary of Defense for Acquisition ~~(USD(A))~~, as the principal staff assistant and advisor to the Secretary of Defense for acquisition matters, and the DAE shall:

a. ~~Establish~~ Develop uniform policies and practices governing acquisition programs in general, and specific procedures, documentation requirements, and responsibilities for managing and reviewing major defense acquisition programs.

b. Assure that the concepts, policies, and provisions of this Directive and references (b) through (~~h~~g) are complied with and effectively administered throughout the Department of Defense.

c. Chair the DAB.

2. The Head of each DoD Component, having cognizance over and responsibility for acquisition programs, shall:

a. Appoint an SAE with clear lines of authority, responsibility, and accountability for acquisition program management and execution in accordance with this Directive and its references.

b. Establish an acquisition management structure within the Component that is consistent with the policy contained in this Directive.

c. Assure that high quality, experienced personnel are assigned to acquisition management positions within the Component in support of the SAE, PEO, and PM, as appropriate; and that the tenure of key personnel, such as the PEO and PM is of sufficient length to provide continuity and management stability.

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying ~~key~~ acquisition management positions.

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Ensure that the ~~Establish a~~ performance appraisal system within the component for PEOs and PMs is consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b. above.

3. The Vice Chairman of the Joint Chiefs of Staff ~~(VCJCS)~~, as the designee of the Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Serve as Vice Chairman of the DAB.

~~b. Serve as Chairman of the Joint Requirements Oversight Council.~~

b. ~~c~~. Provide advice and assistance concerning military requirements and priorities and the feasibility of common-use and/or joint solutions to Military Service requirements.

c. ~~d~~. Serve as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives ~~(SAEs)~~ shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (b)). ~~[illegible]~~

b. Assure that imminent and actual breaches of Secretary of Defense ~~ABM~~ decisions and approved program baselines for major defense acquisition ~~Category A~~ programs are reported expeditiously to the DAE.

c. Establish policies, procedures, and responsibilities for managing non-major defense acquisition ~~Category B~~ programs that are consistent with those established in this Directive and DoD Instruction 5000.2 (reference (b)). ~~[illegible]~~

5. Program Executive Officers shall:

a. Discharge their assigned management responsibilities in a manner consistent with the guidelines established by the SAE and this Directive.

b. Assure that subordinate PMs are cognizant of, and are complying with, the policies and provisions of this Directive.

c. Stay abreast of the status of programs within their assigned management responsibility and assure that imminent and actual breaches of Secretary of Defense ~~ABM~~ decisions and established program baselines are promptly reported to the SAE along with recommended alternatives regarding future direction and actions.

d. Periodically assess the personnel assets and requirements of subordinate PMs, and the adequacy of functional management support they are being accorded, so that recommended adjustments can be identified to the SAE for decision.

e. Assure that subordinate PMs are given full authority to manage their respective programs within the scope of established program baselines.

6. Program Managers shall:

a. Manage their programs in a manner that is consistent with, and supportive of, the policies and practices contained in this Directive.

b. Commit to a program baseline.

c. Identify personnel and functional management support shortfalls that adversely affect achievement of Secretary of Defense ~~ABM~~ decisions and the approved program baseline.

d. Promptly report all imminent and actual breaches of Secretary of Defense ~~ABM~~ decisions and approved program baselines along with recommendations regarding future direction and action(s).

e. Prepare and submit timely and accurate periodic program performance reports.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Service Acquisition Executives shall forward one copy of appropriate implementing documents to the Defense Acquisition Executive within 120 days.

Enclosure
1. References

REFERENCES (continued)

(e) Public Law 98-191, Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (Title 41, United States Code, Section 401-419)
(f) Title 10, United States Code, Section 2430, "Major Defense Acquisition Programs Defined"
(g) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986
(h) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
(i) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980 ~~(under revision) ← not true~~
(j) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
(k) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(l) DoD Directive 5000.49, "Defense Acquisition Board" ~~(in preparation)~~

~~not proper to reference a directive that officially does not exist.~~

Tab G

Department of Defense
DIRECTIVE

7 AUG

PARAGRAPHS CHANGED ON 7 AUG.

NUMBER

SUBJECT: Major and Non-Major Defense Acquisition Programs

References: (a) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986 (hereby canceled)
(b) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," (under revision, as of [illegible]) ~~March 12, 1986 (under revision)~~
(c) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987
(d) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(e) through (x), see Enclosure 1.

A. REISSUANCE AND PURPOSE

1. This Directive cancels and reissues reference (a) and establishes policies, practices, and procedures consistent with the concepts and provisions of references (b) through (x) to govern the acquisition of major and non-major defense acquisition programs.

2. This Directive and DoD Instruction 5000.2 (reference (b)) ~~are~~ providing policies and procedures and first and second, respectively, in order of precedence for managing major ~~and non-major~~ defense acquisition programs, except when statutory requirements override. The policies, principles, and objectives of these issuances shall also be applied to non-major defense acquisition programs.

3. All DoD issuances shall be reviewed for conformity with this Directive and reference (b) and, if in conflict, shall be changed or canceled as appropriate. Conflicts remaining after 120 days from issuance of this Directive shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to as DoD Components).

C. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. Defense Acquisition Executive (DAE). The principal advisor to the Secretary of Defense on all matters pertaining to the Department of Defense Acquisition System. The Under Secretary of Defense for Acquisition (USD(A)) is the DAE and the Defense Procurement Executive (~~see~~ DoD Directive 5134.1, reference (c)).

3. Service Acquisition Executive (SAE). The senior acquisition executive within each Military Department, designated by the Component Head, responsible for administering acquisition programs in accordance with established DoD policies and guidelines (DoD Directive 4245.1 (reference (d)). The terms "Service Acquisition Executive" and "SAE" as used in this Directive also apply to the senior acquisition executive within any DoD Component having cognizance over an acquisition program. The SAE is also the senior procurement executive for each Military Department for the purposes of section 16(3) of P.L. 98-191 (reference (e)).

4. Program Executive Officers (PEO). Officials responsible for administering a defined number of major and/or non-major acquisition programs who report to and receive direction from an SAE.

5. Program Managers (PM). Officials responsible for managing a specific acquisition program who report to and receive direction from either a PEO or an SAE.

6. Major Defense Acquisition Program. Consistent with the criteria of Section 2430 of Title 10, U.S. Code, "Major Defense Acquisition Programs Defined" (reference (b)), a DoD acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and:

a. That is designated by the Secretary of Defense as a major defense acquisition program because of urgency of need, development risk, joint funding, significant Congressional interest, or other considerations, or

b. That is estimated by the Secretary of Defense to require an eventual total expenditure for research, development, test, and evaluation of more than $200 million (based on Fiscal Year 1980 constant dollars) or an eventual total expenditure for procurement of more than $1 billion (based on Fiscal Year 1980 constant dollars).

~~acquisition program because of urgency of need, development risk, or other factors such as significant congressional interest.~~

7. Major Defense Acquisition Program Milestone Decision Categories. A major defense acquisition program will be designated as either a ~~Category A~~ Defense ~~or Category B program by the DAE.~~ Acquisition Board (DAB) or Component program. Designations will be recommended by the DAB and approved by the Secretary of Defense.

8. A ~~Category A~~ DAB program requires a Secretary of Defense decision at each milestone review point, unless delegated to the cognizant DOD Component Head by the Secretary of Defense.

b. A ~~Category B~~ Component program designation means that the authority to make milestone decisions has been delegated to the cognizant DoD Component Head.

8. Acquisition Decision Memorandum (ADM). A memorandum to a Component Head signed by the DAE that documents the decisions of the Secretary of Defense regarding a ~~Category A~~ PAB program.

9. Program Baseline. A formal agreement between a PM and a PEO, SAE, or the DAE that briefly summarizes factors critical to the success of a program, such as functional specifications, cost, and schedule objectives and requirements, against which the program will subsequently be evaluated ~~(See~~ DoD Directive 5000.45 (reference (g)).

D. POLICY

The following policies govern the acquisition of major and non-major acquisition programs.

1. Responsive Support of National Policy and Operational Objectives. The policy of the Department of Defense is to assure that the DoD Acquisition System functions in a timely, efficient and effective manner to achieve the operational objectives of U.S. Armed Forces in support of national policies and objectives, and that the guidelines of OMB Circular A-109 (reference (h)) are met.

2. Streamlined Acquisition Organization. DoD Component Heads shall establish a streamlined acquisition structure for managing major defense acquisition programs and, to the extent practicable, non-major defense acquisition programs.

a. ~~Category A~~ PAB programs are to have no more than two management tiers ~~(Program Executive Officer~~ (PEO) and ~~Service Acquisition Executive~~ (SAE) between the ~~Program Manager~~ (PM) and the DAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. ~~Category B~~ Component programs are to have no more than one management tier (PEO), between the PM and the SAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

3. Acquisition Phases and Milestone Decision Points. The acquisition process is normally divided into five phases to enhance management effectiveness. These phases are to be tailored to fit each acquisition to minimize acquisition time and life-cycle costs, consistent with the urgency of need and degree of technical risk involved, and progress as demonstrated by validated test results. The following milestone decision points and phases are to be used to manage major ~~and non-major~~ defense acquisition programs. Where practicable, the milestone decision points and phases are to be used for non-major defense acquisition programs. Decision criteria and considerations for each milestone decision are contained in DoD Instruction 5000.2 (reference (b)). ~~[illegible]~~

a. Milestone 0 - Approval or disapproval of a mission need and entry into the concept exploration/definition phase.

b. Milestone I - Approval or disapproval to proceed into the concept demonstration/validation phase.

c. Milestone II - Approval or disapproval to proceed into the full-scale development phase and, as appropriate, low rate initial production.

d. Milestone III - Approval or disapproval to proceed into the full-rate production and initial deployment phase. Initial deployment also marks the beginning of the operations support phase.

e. Milestone IV - Encompasses a review 1 to 2 years after initial deployment to assure operational readiness and support objectives are being achieved and maintained during the first several years of the operations support phase.

f. Milestone V - Encompasses a review 5 to 10 years after initial deployment of a system's current state or operational effectiveness, suitability, and readiness to determine if major upgrades are necessary, or if existing deficiencies warrant consideration of replacement action.

4. Continuing Analyses of Mission Areas. DoD Components are to conduct continuing analyses of their assigned areas of responsibility to identify deficiencies and to determine more effective means of performing assigned tasks. These analyses may result in recommendations to initiate new acquisition programs to reduce or eliminate operational deficiencies, to establish new capabilities in response to a technologically feasible opportunity, to reduce the DoD cost of ownership significantly, or to respond to a change in national defense policy.

5. Requirements Validation and Alternatives to New Developments. The basis of need or requirement for each new acquisition program shall be thoroughly reviewed and validated. Further, a major defense acquisition program involving development of a new system or item shall be undertaken only after carefully assessing alternative approaches to satisfying the basis of need or requirement, such as the following:

a. Changes in U.S. and Allied strategic or tactical concepts and doctrine for dealing with the threat.

b. Use of an existing U.S. or Allied military or commercial system that fosters a non-developmental acquisition strategy.

c. Modification or improvement of an existing system.

d. A cooperative research and development program with one or more Allied nations.

6. Consideration of Potential Common-Use Solutions. To foster commonality and avoid redundant efforts, all major defense acquisition programs for potential common-use items must consider potential common alternative solutions as early as the concept exploration/definition phase.

7. Affordability Assessments. Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every decision milestone and during the Planning, Programming and Budgeting System (PPBS) process. A major defense acquisition program

shall not be started unless sufficient resources, including manpower, are or can be programmed to support projected development, testing, production, fielding, and support requirements. In support of this, the OSD Cost Analysis Improvement Group will independently validate program cost estimates under DoD Directive 5000.4 (reference (i)). ~~[illegible] under revision~~

8. Enhancing Program Stability. Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and shall not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established program baseline. To enhance program stability, DoD Components will:

a. Conduct meaningful, realistic long-range planning.

b. Consider evolutionary alternatives in parallel with the need for advanced technology insertion so as to strike the most appropriate balance between development and/or production risk and the risk associated with failing to counter the threat.

c. Estimate, program, budget and fund acquisition programs realistically.

d. Plan for economical rates of production, surge and mobilization requirements, and, where appropriate, multi-year procurement.

e. Establish program baselines and assign to PMs the authority and resources required to achieve these baselines.

f. Develop and execute tailored acquisition strategies that are consistent with established DoD priorities and Component affordability constraints.

9. Tailored Acquisition Strategy. A primary goal in developing an acquisition strategy is to minimize the time it takes to satisfy the identified need consistent with common sense, sound business practices, and the basic management policies of this Directive. To this end, the following are to be considered in developing appropriate strategies tailored to meet the unique circumstances of individual programs.

a. During the initial phases of development, studies shall be conducted to identify trade-offs between cost and performance requirements, assess technological risk, and identify the cost drivers and producibility factors associated with using new or immature technologies.

b. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas; using early funding to design-in reliability and support characteristics; reducing lead time through concurrency; using competitive prototyping of critical components; combining acquisition phases and making use of evolutionary acquisition procedures; and combining developmental and operational test and evaluation shall be considered and adopted when appropriate. In this regard, the procedures of DoD Directive 5000.3 (reference (f)) shall be integral to all acquisition planning and decision making.

c. Provisions for obtaining competition in each phase of the acquisition process shall be described in the acquisition strategy. This includes planning for competition for ideas and technologies in the early phases, and the use of commercial-style competition procedures that emphasize quality and established performance as well as price during the production phase. The strategy should normally contemplate narrowing the number of competing alternatives to eliminate concepts no longer considered viable as the acquisition process proceeds. This narrowing of competing alternatives shall be accomplished without unduly interrupting the remaining contracts, and need not be timed to coincide with milestone decision points.

d. Competitive prototyping of critical components, subsystems, or systems and early operational test and evaluation beginning in the concept demonstration/validation phase are encouraged and shall be emphasized.

e. Logistic supportability requirements, in the form of readiness goals and related design requirements and activities, shall be established early in the acquisition process and be considered in the formulation of the acquisition strategy. They shall receive emphasis comparable to that accorded to cost, schedule, and performance objectives and requirements.

f. Whenever possible and appropriate, consideration should be given to maximizing the use of "off-the-shelf" commercial products and the streamlining of military specifications so that only those military specifications that are directly relevant to the item(s) being procured are applied.

g. Contract type shall be consistent with all program characteristics including risk. Fixed price contracts are normally not appropriate for research and development phases. For such efforts, a cost-reimbursable contract is preferable because it permits an equitable and sensible allocation of program risk between the contracting parties.

10. Industrial Base Considerations and Government-Industry Relationships. A strong U.S. industrial base is essential for a strong defense. Accordingly, the near-term and long-term implications and ramifications of proposed acquisition programs on the U.S. defense base shall be explicitly considered during the decision making process. Additionally, technical collaboration with industry must be maintained to achieve acquisition objectives and meet technological challenges. However, to protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial.

11. Cooperative Acquisition Efforts. Cooperative acquisition efforts with U.S. Allies are essential to achieve the highest practicable degree of standardization and interoperability of equipment, and avoid duplication of effort. Mobilization requirements shall be a factor considered in evaluating opportunities for international cooperation. (~~See~~ DoD Directive 2010.6 (reference (k))). Multinational agreements shall be structured so that program events and decisions comply with this Directive and DoD Instruction 5000.2 (reference (b)).

Unless made during the course of the Planning, Programming, and Budgeting System process

to the PM, documentation on these directions will be given

E. PROCEDURES

1. Defense Acquisition Board (DAB). Consistent with DoD Directive 5000.49 (reference (l)), ~~The~~ the DAB, chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff (VCJCS), shall be the primary forum used by DoD Components ~~[illegible]~~ to give advice on acquisition programs, and make recommendations to the Secretary of Defense through the DAE on matters pertaining to the DoD ~~recommendations [illegible] regarding Category A program milestone reviews and/or decisions and all operating and policy aspects of the DoD~~ Acquisition System; ~~(DoD Directive 5000.49 (reference (l)).~~ ~~[illegible]~~ the DAB shall also make recommendations on milestone decisions for DAB programs.

2. DAB Acquisition Committee Review. The appropriate DAB Acquisition Committee will review a ~~Category A~~ DAB program prior to a DAB meeting. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

3. ~~Acquisition Decision Memorandum (ADM)~~ and Program Baseline Changes. The decisions and direction provided in an ADM and the provisions of a program baseline for major defense acquisition ~~Category A~~ programs may not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if the provisions of either of these documents are breached or are in jeopardy of being breached.

4. Decisions Directed by Higher Authority. When an SAE or PEO give directions ~~exercise decision authority~~ on a ~~Category A~~ DAB program, ~~their decision will be documented as official direction~~ to the ~~Program Manager, and a copy of the direction will~~ PM, Copies of this documentation will be provided to the DAE.

5. Listing ~~Designation~~ of DAB and Component ~~Category A and B~~ Programs. The DAE shall periodically publish a list ~~designating~~ the major defense acquisition programs that require milestone decision by the Secretary of Defense (~~Category A~~ DAB programs) and those that have been delegated to DoD Component Heads for decision (~~Category B~~ Component programs).

6. Detailed Procedures, Supporting Documentation Requirements and Responsibilities. DoD Instruction 5000.2 (reference (b)) ~~[illegible]~~ provides additional guidance regarding the specific procedures, supporting documentation requirements, and responsibilities for ~~Category A~~ DAB programs, and for Component programs, as appropriate.

F. RESPONSIBILITIES

~~[illegible]~~

1. The Under Secretary of Defense for Acquisition ~~(USD(A))~~, as the principal staff assistant and advisor to the Secretary of Defense for acquisition matters, and the DAE shall:

a. ~~Establish~~ Develop uniform policies and practices governing acquisition programs in general, and specific procedures, documentation requirements, and responsibilities for managing and reviewing major defense acquisition programs.

Q

b. Assure that the concepts, policies, and provisions of this Directive and references (b) through (w) are complied with and effectively administered throughout the Department of Defense.

c. Chair the DAB.

2. The Head of each DoD Component, having cognizance over and responsibility for acquisition programs, shall:

a. Appoint an SAE with clear lines of authority, responsibility, and accountability for acquisition program management and execution in accordance with this Directive and its references.

b. Establish an acquisition management structure within the Component that is consistent with the policy contained in this Directive.

c. Assure that high quality, experienced personnel are assigned to acquisition management positions within the Component in support of the SAE, PEO, and PM, as appropriate; and that the tenure of key personnel, such as the PEO and PM is of sufficient length to provide continuity and management stability.

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying ~~key~~ acquisition management positions. ~~[illegible]~~

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Ensure that the ~~Establish a~~ performance appraisal system within the component for PEOs and PMs is consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b. above. ~~[illegible]~~

3. The Vice Chairman of the Joint Chiefs of Staff (~~VCJCS~~), as the designee of the Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Serve as Vice Chairman of the DAB.

~~b. Serve as Chairman of the Joint Requirements Oversight Council.~~ ~~[illegible]~~

b, ~~c~~. Provide advice and assistance concerning military requirements and priorities and the feasibility of common-use and/or joint solutions to Military Service requirements.

c, ~~d~~. Serve as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives (SAE~~s~~) shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (b)). ~~under revision~~

b. Assure that imminent and actual breaches of Secretary of Defense ~~DAB~~ decisions and approved program baselines for PMs and Components ~~Category I~~ programs are reported expeditiously to the DAE.

c. Establish policies, procedures, and responsibilities for managing Component ~~Category I~~ programs that are consistent with those established in this Directive and DoD Instruction 5000.2 (reference (b)). ~~under revision~~

5. Program Executive Officers shall:

a. Discharge their assigned management responsibilities in a manner consistent with the guidelines established by the SAE and this Directive.

b. Assure that subordinate PMs are cognizant of, and are complying with, the policies and provisions of this Directive.

c. Stay abreast of the status of programs within their assigned management responsibility and assure that imminent and actual breaches of Secretary of Defense ~~DAB~~ decisions and established program baselines are promptly reported to the SAE along with recommended alternatives regarding future direction and actions.

d. Periodically assess the personnel assets and requirements of subordinate PMs, and the adequacy of functional management support they are being accorded, so that recommended adjustments can be identified to the SAE for decision.

e. Assure that subordinate PMs are given full authority to manage their respective programs within the scope of established program baselines.

6. Program Managers shall:

a. Manage their programs in a manner that is consistent with, and supportive of, the policies and practices contained in this Directive.

b. Commit to a program baseline.

c. Identify personnel and functional management support shortfalls that adversely affect achievement of Secretary of Defense ~~DAB~~ decisions and the approved program baseline.

d. Promptly report all imminent and actual breaches of Secretary of Defense ~~DAB~~ decisions and approved program baselines along with recommendations regarding future direction and action(s).

e. Prepare and submit timely and accurate periodic program performance reports.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Service Acquisition Executives shall forward one copy of appropriate implementing documents to the Defense Acquisition Executive within 120 days.

Enclosure
  1. References

REFERENCES (continued)

(e) Public Law 98-191, Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (Title 41, United States Code, Section 401-419)
(f) Title 10, United States Code, Section 2430, "Major Defense Acquisition Programs Defined"
(g) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986
(h) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
(i) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980 ~~(under revision) not seen~~
(j) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
(k) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(l) DoD Directive 5000.49, "Defense Acquisition Board" (in preparation as of August 10, 1987) ~~(in preparation)~~

~~not proper to reference a directive that officially does not exist.~~

Tab H

Department of Defense
DIRECTIVE

NEW

September 1, 1987
NUMBER 5000.1

USD(A)

SUBJECT: Major and Non-Major Defense Acquisition Programs

References:
- (a) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986 (hereby canceled)
- (b) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," September 1, 1987
- (c) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987
- (d) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
- (e) through (l), see Enclosure 1.

A. REISSUANCE AND PURPOSE

1. This Directive cancels and reissues reference (a) and establishes policies, practices, and procedures consistent with the concepts and provisions of references (b) through (l) to govern the acquisition of major and non-major defense acquisition programs.

2. This Directive and DoD Instruction 5000.2 (reference (b)) are first and second, respectively, in order of precedence for providing policies and procedures and managing major defense acquisition programs, except when statutory requirements override. The policies, principles, and objectives of these issuances shall also be applied to non-major defense acquisition programs.

3. All DoD issuances shall be reviewed for conformity with this Directive and reference (b) and, if in conflict, shall be changed or canceled as appropriate. Conflicts remaining after 120 days from issuance of this Directive shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to as DoD Components).

C. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern

acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. Defense Acquisition Executive (DAE). The principal advisor to the Secretary of Defense on all matters pertaining to the Department of Defense Acquisition System. The Under Secretary of Defense for Acquisition (USD(A)) is the DAE and the Defense Procurement Executive (DoD Directive 5134.1, reference (c)).

3. Service Acquisition Executive (SAE). The senior acquisition executive within each Military Department, designated by the Component Head, responsible for administering acquisition programs in accordance with established DoD policies and guidelines (DoD Directive 4245.1 (reference (d)). The terms "Service Acquisition Executive" and "SAE" as used in this Directive also apply to the senior acquisition executive within any DoD Component having cognizance over an acquisition program. The SAE is also the senior procurement executive for each Military Department for the purposes of section 16(3) of P.L. 98-191 (reference (e)).

4. Program Executive Officers (PEO). Officials responsible for administering a defined number of major and/or non-major acquisition programs who report to and receive direction from an SAE.

5. Program Managers (PM). Officials responsible for managing a specific acquisition program who report to and receive direction from either a PEO or an SAE.

6. Major Defense Acquisition Program. Consistent with the criteria of Section 2430 of Title 10, U.S. Code, "Major Defense Acquisition Programs Defined" (reference (b)), a DoD acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and:

a. That is designated by the Secretary of Defense as a major defense acquisition program because of urgency of need, development risk, joint funding, significant Congressional interest, or other considerations, or

b. That is estimated by the Secretary of Defense to require an eventual total expenditure for research, development, test, and evaluation of more than $200 million (based on Fiscal Year 1980 constant dollars) or an eventual total expenditure for procurement of more than $1 billion (based on Fiscal Year 1980 constant dollars).

7. Major Defense Acquisition Program Milestone Decision Categories. A major defense acquisition program will be designated as either a Defense Acquisition Board (DAB) or Component program. Designations will be recommended by the DAE and approved by the Secretary of Defense.

a. A DAB program requires a Secretary of Defense decision at each milestone review point, unless delegated to the cognizant DoD Component Head by the Secretary of Defense.

b. A Component program designation means that the authority to make milestone decision has been delegated to the cognizant DoD Component Head.

8. Acquisition Decision Memorandum (ADM). A memorandum to a Component Head signed by the DAE that documents the decisions of the Secretary of Defense regarding a DAB program.

9. Program Baseline. A formal agreement between a PM and a PEO, SAE, or the DAE that briefly summarizes factors critical to the success of a program, such as functional specifications, cost, and schedule objectives and requirements, against which the program will subsequently be evaluated (DoD Directive 5000.45, reference (g)).

D. POLICY

The following policies govern the acquisition of major and non-major acquisition programs.

1. Responsive Support of National Policy and Operational Objectives. The policy of the Department of Defense is to assure that the DoD Acquisition System functions in a timely, efficient and effective manner to achieve the operational objectives of U.S. Armed Forces in support of national policies and objectives, and that the guidelines of OMB Circular A-109 (reference (h)) are met.

2. Streamlined Acquisition Organization. DoD Component Heads shall establish a streamlined acquisition structure for managing major defense acquisition programs and, to the extent practicable, non-major defense acquisition programs.

a. DAB programs are to have no more than two management tiers (PEO and SAE) between the PM and the DAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. Component programs are to have no more than one management tier (PEO) between the PM and the SAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

3. Acquisition Phases and Milestone Decision Points. The acquisition process is normally divided into five phases to enhance management effectiveness. These phases are to be tailored to fit each acquisition to minimize acquisition time and life-cycle costs, consistent with the urgency of need and degree of technical risk involved, and progress as demonstrated by validated test results. The following milestone decision points and phases are to be used to manage major defense acquisition programs. Where practicable, the milestone decision points and phases are to be used for non-major defense acquisition programs. Decision criteria and considerations for each milestone decision are contained in DoD Instruction 5000.2 (reference (b)).

a. Milestone 0 - Approval or disapproval of a mission need and entry into the concept exploration/definition phase.

b. Milestone I - Approval or disapproval to proceed into the concept demonstration/validation phase.

c. Milestone II - Approval or disapproval to proceed into the full-scale development phase and, as appropriate, low rate initial production.

d. Milestone III - Approval or disapproval to proceed into the full-rate production and initial deployment phase. Initial deployment also marks the beginning of the operations support phase.

e. Milestone IV - Encompasses a review 1 to 2 years after initial deployment to assure operational readiness and support objectives are being achieved and maintained during the first several years of the operations support phase.

f. Milestone V - Encompasses a review 5 to 10 years after initial deployment of a system's current state or operational effectiveness, suitability, and readiness to determine if major upgrades are necessary, or if existing deficiencies warrant consideration of replacement action.

4. Continuing Analyses of Mission Areas. DoD Components are to conduct continuing analyses of their assigned areas of responsibility to identify deficiencies and to determine more effective means of performing assigned tasks. These analyses may result in recommendations to initiate new acquisition programs to reduce or eliminate operational deficiencies, to establish new capabilities in response to a technologically feasible opportunity, to reduce the DoD cost of ownership significantly, or to respond to a change in national defense policy.

5. Requirements Validation and Alternatives to New Developments. The basis of need or requirement for each new acquisition program shall be thoroughly reviewed and validated. Further, a major defense acquisition program involving development of a new system or item shall be undertaken only after carefully assessing alternative approaches to satisfying the basis of need or requirement, such as the following:

a. Changes in U.S. and Allied strategic or tactical concepts and doctrine for dealing with the threat.

b. Use of an existing U.S. or Allied military or commercial system that fosters a non-developmental acquisition strategy.

c. Modification or improvement of an existing system.

d. A cooperative research and development program with one or more Allied nations.

6. Consideration of Potential Common-Use Solutions. To foster commonality and avoid redundant efforts, all major defense acquisition programs for potential common-use items must consider potential common alternative solutions as early as the concept exploration/definition phase.

7. Affordability Assessments. Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every decision milestone and during the Planning, Programming and Budgeting System (PPBS) process. A major defense acquisition program

shall not be started unless sufficient resources, including manpower, are or can be programmed to support projected development, testing, production, fielding, and support requirements. In support of this, the OSD Cost Analysis Improvement Group will independently validate program cost estimates under DoD Directive 5000.4 (reference (i)).

8. Enhancing Program Stability. Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and shall not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established program baseline. To enhance program stability, DoD Components will:

a. Conduct meaningful, realistic long-range planning.

b. Consider evolutionary alternatives in parallel with the need for advanced technology insertion so as to strike the most appropriate balance between development and/or production risk and the risk associated with failing to counter the threat.

c. Estimate, program, budget and fund acquisition programs realistically.

d. Plan for economical rates of production, surge and mobilization requirements, and, where appropriate, multi-year procurement.

e. Establish program baselines and assign to PMs the authority and resources required to achieve these baselines.

f. Develop and execute tailored acquisition strategies that are consistent with established DoD priorities and Component affordability constraints.

9. Tailored Acquisition Strategy. A primary goal in developing an acquisition strategy is to minimize the time it takes to satisfy the identified need consistent with common sense, sound business practices, and the basic management policies of this Directive. To this end, the following are to be considered in developing appropriate strategies tailored to meet the unique circumstances of individual programs.

a. During the initial phases of development, studies shall be conducted to identify trade-offs between cost and performance requirements, assess technological risk, and identify the cost drivers and producibility factors associated with using new or immature technologies.

b. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas; using early funding to design-in reliability and support characteristics; reducing lead time through concurrency; using competitive prototyping of critical components; combining acquisition phases and making use of evolutionary acquisition procedures; and combining developmental and operational test and evaluation shall be considered and adopted when appropriate. In this regard, the procedures of DoD Directive 5000.3 (reference (f)) shall be integral to all acquisition planning and decision making.

c. Provisions for obtaining competition in each phase of the acquisition process shall be described in the acquisition strategy. This includes planning for competition for ideas and technologies in the early phases, and the use of commercial-style competition procedures that emphasize quality and established performance as well as price during the production phase. The strategy should normally contemplate narrowing the number of competing alternatives to eliminate concepts no longer considered viable as the acquisition process proceeds. This narrowing of competing alternatives shall be accomplished without unduly interrupting the remaining contracts, and need not be timed to coincide with milestone decision points.

d. Competitive prototyping of critical components, subsystems, or systems and early operational test and evaluation beginning in the concept demonstration/validation phase are encouraged and shall be emphasized.

e. Logistic supportability requirements, in the form of readiness goals and related design requirements and activities, shall be established early in the acquisition process and be considered in the formulation of the acquisition strategy. They shall receive emphasis comparable to that accorded to cost, schedule, and performance objectives and requirements.

f. Whenever possible and appropriate, consideration should be given to maximizing the use of "off-the-shelf" commercial products and the streamlining of military specifications so that only those military specifications that are directly relevant to the item(s) being procured are applied.

g. Contract type shall be consistent with all program characteristics including risk. Fixed price contracts are normally not appropriate for research and development phases. For such efforts, a cost-reimbursable contract is preferable because it permits an equitable and sensible allocation of program risk between the contracting parties.

10. Industrial Base Considerations and Government-Industry Relationships. A strong U.S. industrial base is essential for a strong defense. Accordingly, the near-term and long-term implications and ramifications of proposed acquisition programs on the U.S. defense base shall be explicitly considered during the decision making process. Additionally, technical collaboration with industry must be maintained to achieve acquisition objectives and meet technological challenges. However, to protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial.

11. Cooperative Acquisition Efforts. Cooperative acquisition efforts with U.S. Allies are essential to achieve the highest practicable degree of standardization and interoperability of equipment, and avoid duplication of effort. Mobilization requirements shall be a factor considered in evaluating opportunities for international cooperation (DoD Directive 2010.6, reference (k)). Multinational agreements shall be structured so that program events and decisions comply with this Directive and DoD Instruction 5000.2 (reference (b)).

E. PROCEDURES

1. Defense Acquisition Board (DAB). Consistent with DoD Directive 5000.49 (reference (l)), the DAB, chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff (VCJCS), shall be the primary forum used by DoD Components to resolve issues, provide and obtain guidance, and make recommendations to the Secretary of Defense through the DAE on matters pertaining to the DoD Acquisition System; the DAB shall also make recommendations on milestone decisions for DAB programs.

2. DAB Acquisition Committee Review. The appropriate DAB Acquisition Committee will review a DAB program prior to a DAB meeting. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

3. ADM and Program Baseline Changes. Unless made during the course of the Planning, Programming, and Budgeting System process, the decisions and direction provided in an ADM and the provisions of a program baseline for major defense acquisition programs may not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if the provisions of either of these documents are breached or are in jeopardy of being breached.

4. Decisions Directed by Higher Authority. When an SAE or PEO give directions on a DAB program to the PM, documentation on these directions will be given to the PM. Copies of this documentation will be provided to the DAE.

5. Listing of DAB and Component Programs. The DAE shall periodically publish a list of the major defense acquisition programs that require milestone decisions by the Secretary of Defense (DAB programs) and those that have been delegated to DoD Component Heads for decisions (Component programs).

6. Detailed Procedures, Supporting Documentation Requirements, and Responsibilities. DoD Instruction 5000.2 (reference (b)) provides additional guidance regarding the specific procedures, supporting documentation requirements, and responsibilities for DAB programs and for Component programs, as appropriate.

F. RESPONSIBILITIES

1. The Under Secretary of Defense for Acquisition, as the principal staff assistant and advisor to the Secretary of Defense for acquisition matters, and the DAE shall:

a. Develop uniform policies and practices governing acquisition programs in general, and specific procedures, documentation requirements, and responsibilities for managing and reviewing major defense acquisition programs.

b. Assure that the concepts, policies, and provisions of this Directive and references (b) through (l) are complied with and effectively administered throughout the Department of Defense.

c. Chair the DAB.

2. The Head of each DoD Component, having cognizance over and responsibility for acquisition programs, shall:

a. Appoint an SAE with clear lines of authority, responsibility, and accountability for acquisition program management and execution in accordance with this Directive and its references.

b. Establish an acquisition management structure within the Component that is consistent with the policy contained in this Directive.

c. Assure that high quality, experienced personnel are assigned to acquisition management positions within the Component in support of the SAE, PEO, and PM, as appropriate; and that the tenure of key personnel, such as the PEO and PM is of sufficient length to provide continuity and management stability.

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying acquisition management positions.

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Ensure that the performance appraisal system within the cpmponent for PEOs and PMs is consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b. above.

3. The Vice Chairman of the Joint Chiefs of Staff, as the designee of the Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Serve as Vice Chairman of the DAB.

b. Provide advice and assistance concerning military requirements and priorities and the feasibility of common-use and/or joint solutions to Military Service requirements.

c. Serve as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (b)).

b. Assure that imminent and actual breaches of Secretary of Defense decisions and approved program baselines for DAB and Component programs are reported expeditiously to the DAE.

c. Establish policies, procedures, and responsibilities for managing Component programs that are consistent with those established in this Directive and DoD Instruction 5000.2 (reference (b)).

5. Program Executive Officers shall:

a. Discharge their assigned management responsibilities in a manner consistent with the guidelines established by the SAE and this Directive.

b. Assure that subordinate PMs are cognizant of, and are complying with, the policies and provisions of this Directive.

c. Stay abreast of the status of programs within their assigned management responsibility and assure that imminent and actual breaches of Secretary of Defense decisions and established program baselines are promptly reported to the SAE along with recommended alternatives regarding future direction and actions.

d. Periodically assess the personnel assets and requirements of subordinate PMs, and the adequacy of functional management support they are being accorded, so that recommended adjustments can be identified to the SAE for decision.

e. Assure that subordinate PMs are given full authority to manage their respective programs within the scope of established program baselines.

6. Program Managers shall:

a. Manage their programs in a manner that is consistent with, and supportive of, the policies and practices contained in this Directive.

b. Commit to a program baseline.

c. Identify personnel and functional management support shortfalls that adversely affect achievement of Secretary of Defense decisions and the approved program baseline.

d. Promptly report all imminent and actual breaches of Secretary of Defense decisions and approved program baselines along with recommendations regarding future direction and action(s).

e. Prepare and submit timely and accurate periodic program performance reports.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Service Acquisition Executives shall forward one copy of appropriate implementing documents to the Defense Acquisition Executive within 120 days.

WILLIAM H. TAFT, IV
Deputy Secretary of Defense

Enclosure
1. References

REFERENCES TO RESOURCE ALLOCATION REMOVED

REFERENCES (continued)

(e) Public Law 98-191, Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (Title 41, United States Code, Section 401-420)
(f) Title 10, United States Code, Section 2430, "Major Defense Acquisition Programs Defined"
(g) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986
(h) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
(i) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
(j) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
(k) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(l) DoD Directive 5000.49, "Defense Acquisition Board," September 1, 1987

Tab I

Department of Defense

INSTRUCTION

NEW
ESSENTIALLY
UNCHANGED FROM
OUSD(A) DRAFT

September 1, 1987
NUMBER 5000.2

USD(A)

BUT SIGNED
BY DEPSECDEF VICE USD(A)

SUBJECT: Defense Acquisition Program Procedures

References:
- (a) DoD Instruction 5000.2, "Major System Acquisition Procedures," March 12, 1986 (hereby canceled)
- (b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," September 1, 1987
- (c) DoD Directive 5000.49, "Defense Acquisition Board," September 1, 1987
- (d) DoD Directive 5000.43, "Acquisition Streamlining," January 15, 1986
- (e) through (r), see enclosure 1

A. REISSUANCE AND PURPOSE

1. This Instruction reissues and updates reference (a) to revise procedures for DoD implementation of reference (b).

2. This Instruction sets forth uniform procedures governing major defense acquisition programs and establishes specific requirements and responsibilities for acquiring major defense acquisition programs requiring decision authority by the Secretary of Defense (defined in reference (b) as Defense Acquisition Board (DAB) programs). These procedures should be generally employed for the management of acquisition programs not requiring decision authority by the Secretary of Defense (i.e., Component and non-major defense acquisition programs), as determined by the DoD Component Head, unless a statute prescribes specific compliance as noted in section F. below.

3. DoD Directive 5000.1 (reference (b)) and this Instruction are first and second in order of precedence for providing policies and procedures and managing defense acquisitions, except when statutory requirements override. Any DoD issuance in conflict with reference (b) or this Instruction shall be changed or canceled within 120 days from issuance of this Instruction. Thereafter, conflicts shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

This Instruction applies to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to collectively as "DoD Components").

C. DEFINITIONS

1. Defense Acquisition Board (DAB). The DAB is the senior DoD acquisition review board chaired by the DAE. The Vice Chairman, Joint Chiefs of Staff

(VCJCS) serves as the Vice Chair. The DAB assists the DAE with milestone and program reviews, policy formulation, and acquisition resource recommendations. The DAB is the primary forum for DoD Components to provide advice and assistance concerning acquisition matters through the DAE to the Secretary of Defense. Permanent members of the DAB are identified in DoD Directive 5000.49 (reference (c)).

2. DAB Acquisition Committees. The DAB is supported by 10 acquisition committees that provide assistance in program review and policy formulation. These committees hold pre-DAB meetings to provide advice, assistance, and recommendations to the DAB and to reach consensus on acquisition issues. The missions, responsibilities, and membership of each of these committees are expressed in their respective charters. Enclosure 5 highlights the oversight areas of each committee. The 10 acquisition committees are as follows: Science and Technology; Nuclear Weapons; Strategic Systems; Conventional Systems; Command, Control, Communications, and Intelligence; Test and Evaluation; Production and Logistics; Installation Support and Military Construction; International Programs; and Policy and Initiatives.

3. Operational Effectiveness. The overall degree of mission accomplishment of a system when used by representative personnel in the environment planned or expected for operational employment of the system considering organization, doctrine, tactics, survivability, vulnerability, and threat (including countermeasures, nuclear, and chemical and/or biological threats).

4. Operational Suitability. The degree to which a system can be placed satisfactorily in field use with consideration given to availability, compatibility, transportability, interoperability, reliability, wartime usage rates, maintainability, safety, human factors, manpower supportability, logistics supportability, documentation, and training requirements.

D. MILESTONE DESCRIPTIONS

1. Milestone 0 - Program Initiation/Mission-Need Decision.

a. The Milestone 0 decision determines mission-need and approves program initiation and authority to budget for a new major program. Normally, a concept exploration/definition phase follows this approval.

b. Primary considerations during this milestone include: 1) mission area analysis; 2) affordability and life-cycle costs; 3) the ability of a modification to an existing U.S. or Allied system to provide needed capability; and 4) operational utility assessment.

2. Milestone I - Concept Demonstration/Validation Decision.

a. The Milestone I decision approves proceeding with the concept demonstration/validation phase.

b. Primary considerations during this decision include: 1) program alternative trade-offs; 2) performance/cost and schedule trade-offs, including the need for a new development program versus buying or adapting existing U.S. or Allied military or commercial systems; 3) appropriateness of the acquisition strategy; 4) prototyping of the system or selected system components; 5) affordability and life-cycle costs; 6) potential common-use solutions; and 7) cooperative development opportunities.

c. The Milestone I decision establishes broad program cost, schedule, and operational effectiveness and suitability goals and thresholds, allowing the program manager maximum flexibility to develop innovative and cost effective solutions. The principles or acquisition streamlining (DoD Directive 5000.43, reference (d)) and design-to-cost (DoD Directive 4245.3 (reference (e))) should be emphasized during this phase.

3. Milestone II - Full-Scale Development Decision.

a. The Milestone II decision approves proceeding with the full-scale development (FSD) phase. As appropriate, low-rate initial production (LRIP) of selected components and quantities may be approved to verify production capability and to provide test resources needed to conduct interoperability, live fire, or operational testing. The Milestone II Committee review shall occur before the release of the final Request for Proposals (RFP) for the FSD contract. The DAB review shall occur before the award of the FSD contract.

b. Primary considerations in the DAB's deliberations are: 1) affordability in terms of program cost versus the military value of the new or improved system and its operational suitability and effectiveness; 2) program risk versus benefit of added military capability; 3) planning for the transition from development to production, which will include independent producibility assessments (hardware/software/data bases); 4) realistic industry surge and mobilization capacity; 5) factors that impact program stability; 6) potential common-use solutions; 7) results from prototyping and demonstration/validation; 8) milestone authorization; 9) manpower, personnel, training and safety assessments; 10) procurement strategy appropriate to program cost and risk assessments; 11) plans for integrated logistics support (DoD Directive 5000.39 (reference (f))); and 12) affordability and life-cycle costs; and 13) associated command, control, communications, and intelligence requirements, including communications security.

c. The Milestone II decision establishes more specific cost, schedule, and operational effectiveness and suitability goals and thresholds, including approval of the program baseline agreement between the DAE, the Service Acquisition Executive (SAE), the Program Executive Officer (PEO), and the Program Manager (PM). The principles of acquisition streamlining and design-to-cost will continue to be emphasized during this phase. Particular emphasis will be placed on the requirements for transitioning from development to production (DoD Directive 4245.7 (reference (g))).

4. Milestone III - Full Rate Production Decision.

a. The Milestone III decision approves proceeding with the full-rate production/deployment phase or construction. If the magnitude of the program is sufficiently large and/or the time between the beginning of low-rate initial production and full rate production is significantly long, there may be a need for a Program Review or a Milestone IIIA before the Milestone III decision point.

b. Primary considerations in the DAB's deliberations are: 1) results of completed operational test and evaluation; 2) threat validation; 3) production or construction cost verification; 4) affordability and life-cycle costs; 5) the production and deployment schedule; 6) reliability, maintainability and plans for integrated logistics support (DoD Directive 5000.39 (reference (f))); 7) producibility as verified by an independent assessment (DoD Directive 5000.38 (reference (h))); 8) realistic industry surge and mobilization capacity; 9) multiyear procurement or milestone authorization; 10) manpower, personnel, training and safety requirements; 11) cost-effectiveness or plans for competition or dual sourcing; and 12) associated command, control, communications, and intelligence requirements, including communications security.

5. Milestone IV - Logistics Readiness and Support Review.

a. The Milestone IV decision identifies actions and resources needed to ensure that operational readiness and support objectives are achieved and maintained for the first several years of the operational support phase. The Milestone IV review will normally occur 1 to 2 years after initial deployment.

b. Primary considerations in the DAB's deliberations are: 1) logistics readiness and sustainability (peacetime and wartime); 2) weapon support objectives; 3) the implementation of integrated logistics support plans, per (DoD Directive 5000.39 (reference (f))); 4) the capability of logistics activities (i.e. supply, transportation, etc.), facilities, and training and manpower to provide support efficiently and cost-effectively; 5) disposition of displaced equipment; and 6) affordability and life-cycle costs.

6. Milestone V - Major Upgrade or System Replacement Decision.

a. The Milestone V decision encompasses a review of a system's or facility's current state or operational effectiveness, suitability, and readiness to determine whether major upgrades are necessary or deficiencies warrant consideration of replacement. This milestone decision normally will occur 5 to 10 years after initial deployment.

b. Primary considerations in the DAB's deliberations are: 1) capability of the system or facility to continue to meet its original or evolved mission requirements; 2) the potential necessity of modifications and upgrades to ensure that mission requirements are met and that the useful life is extended; 3) changes in threat that require increased capability or utility; and 4) changes in technology that present the opportunity for a significant breakthrough in system worth; and 5) disposition of displaced equipment. A significant question to be decided at this point is whether deficiencies are critical enough to warrant major modification, retirement, and/or new start considerations.

E. PROCEDURES

1. Major Defense Acquisition Program Designation. The criteria for designation of certain acquisition programs as either DAB or Component programs are set forth in DoD Directive 5000.1 (reference (b)). The Defense Acquisition Board (DAB) Executive Secretary, with the advice of the cognizant Committee chair, may recommend candidate programs to the DAE at any point in the acquisition process.

2. Major Defense Acquisition Program Listings. The DAB Executive Secretary shall prepare, maintain, and distribute for the DAE a list of currently designated DAB and Component major defense acquisition programs at least quarterly. This list shall also identify the cognizant DAB acquisition committee for each DAB program.

3. DAB Milestone and Program Reviews. The DAB chair will normally convene formal reviews at Milestones 0 through V. If the program baseline is breached, the DAE shall decide whether or not a program review will be required. The DAE may recommend that the Secretary of Defense make a decision without a formal DAB review when the members of the DAB agree that there are no significant issues. A written justification statement shall be submitted by the DoD Component to the DAB Executive Secretary in the event that a scheduled DAB Milestone review is delayed by more than 90 days.

4. Pre-DAB Activity.

a. Milestone Planning Meeting. An informal milestone planning meeting to identify program issues shall normally be held by the cognizant committee chair, or his or her designee, before Component submission of draft documentation. The chair should ensure the participation of members of other acquisition committees having an interest in the program.

b. Draft Program Documentation. Required draft documentation shall be submitted by the DoD Component to the DAB chair and cognizant Committee chair 3 months before a DAB Committee review. The OSD action officer shall ensure that copies are made available to DAB members and appropriate DAB Committee members. The DAB chair shall transmit formal comments to the DoD Component 2 months before the scheduled DAB meeting. Every effort shall be made through the committee process to reach consensus on issues before the DAB meeting. Committee reviews shall be scheduled a reasonable time in advance of the DAB meeting so that any necessary actions can be completed before DAB deliberations.

c. Final Documentation Update. A final update shall be submitted by the DoD Component to the DAB chair and cognizant committee chair 3 weeks before a scheduled DAB meeting.

d. Component Staff Briefings. The chair of the cognizant DAB acquisition committee is responsible for identifying and reaching consensus on issues, developing recommendations, and highlighting significant program issues to be addressed during DAB deliberations. In support of this, Component staff briefings shall be provided not later than 3 weeks before a DAB Committee meeting, as follows: 1) on the overall program status to the cognizant DAB Committee action officer; 2) on the program baseline and independent cost estimate to the OSD Cost Analysis Improvement Group (CAIG); 3) on test activity results and plans to the Director, Operational Test and Evaluation (DOT&E) and the Deputy Under Secretary of Defense (Test and Evaluation) (DUSD(T&E)); 4) on acquisition strategy and transition from development to production or construction planning to the Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)); 5) on readiness and support planning to include reliability and maintainability progress to the Director, Weapons Support Improvement Group (DWSIG); 6) on manpower to ASD(FM&P) and 7) on the intelligence estimate used by the Military Services to define the threat to the Director, Defense Intelligence Agency (DIA) for DIA use in validating the threat (see DIA Regulation 55-3 for procedures (reference (i)). If requested by the cognizant Committee chair, additional briefings shall be conducted on specified subjects, such as chemical or nuclear survivability and endurance. The Components shall cooperate and work closely with their OSD staff counterparts to ensure an effective flow of information.

5. DAB Meetings. The DAB Executive Secretary, in concert with the cognizant committee chair, shall present the committee's report and discuss the unresolved issues. DAB members are responsible for participating in these issue discussions and providing any additional information relevant to the matter being discussed. Following these presentations, the DAB members will develop and present recommended findings to the DAE. The DAE shall present the recommendations of the DAB to the Secretary of Defense for decision approval before the formal issuance of the Acquisition Decision Memorandum (ADM).

6. Post-DAB Activity-Acquisition Decision Memorandum (ADM). The ADM shall be issued promptly to the Head of the DoD Component following the DAB meeting. The ADM documents the Secretary of Defense milestone decision, including approval of: 1) goals and thresholds for cost, schedule, performance, and readiness and supportability; 2) exceptions to the normal acquisition process; and 3) other appropriate direction. The ADM may also be used to document a Secretary of Defense decision on a joint service or OSD and OJCS Mission-Need Statement.

a. The DAE shall issue the ADM and execute the decision through the Head of the appropriate DoD Component. The DAB Executive Secretary will prepare and coordinate the ADM to reflect approved goals and thresholds. Updated program direction resulting from program baseline breaches shall be provided by an amended ADM, if the DAE decides that a DAB review is warranted.

b. Programming and budgeting decisions that may invalidate a Milestone decision or other ADM direction, or breach an approved Milestone II or III program baseline shall be immediately highlighted by DoD Component Heads to the DAE for explicit consideration of the impact on military capability and total acquisition resource requirements. In addition, the DoD Component Heads shall explain and justify to the DAE differences in quantity and funding between the program baselines and the program or budget under review (see section F. below, for further discussion of baseline procedures).

F. PROGRAM DOCUMENTATION

Program documentation for DAB programs shall be in accordance with the procedures below and in the format prescribed in the enclosures to this Instruction. Data elements shall be standardized in accordance with DoD Directive 5000.11 (reference (j)) and DoD 5000.12-M (reference (k)).

1. Milestone 0 - Mission-Need Statement (MNS).

New major acquisitions are considered concurrent with the OSD Program Objective Memorandum (POM) review on the basis or justifications provided by DoD Components. A MNS document is required when the new major defense acquisition program is expected to meet the dollar threshold criteria in DoD Directive 5000.1 (reference (b)). The MNS shall be submitted to the DAE with or before the POM submission in which funds are requested for a new major defense acquisition program. The results of the Mission Area Analysis required by DoD Directive 5000.1 (reference (b)) shall provide the basis for documenting the mission need. The DAE will approve the issuance of a program element number for the new major defense acquisition program in coordination with the Assistant Secretary of Defense (Comptroller) (ASD(C)). See enclosure 2 for the MNS format.

2. Milestones 0 Through V - Cooperative Opportunities Document.

At each milestone decision point, a cooperative opportunities document will be prepared for submission with the Mission-Need Statement, System Concept Paper, or Decision Coordinating Paper (see enclosure 4). This document will examine the possibilities for cooperation with Allied nations regarding the acquisition of the defense program and assess the advantages and disadvantages of a cooperative approach under 10 U.S.C. 2407 (reference (l)).

3. Milestone I - System Concept Paper (SCP)/Test and Evaluation Master Plan (TEMP).

The SCP is used to summarize the results or the concept exploration/definition phase; to describe the DoD Component's acquisition strategy, including identification of the best concepts to be carried into the concept demonstration/validation phase for further development, and reasons for elimination of alternative concepts; and to establish broad program cost, schedule, and operational effectiveness and suitability goals and thresholds to be met and reviewed at the next milestone (see enclosure 4 for SCP format). The purpose and content of the TEMP is described in DoD Directive 5000.3 (reference (m)).

4. Milestone I - Competitive Prototyping Strategy (CPS).

During the development of all major defense acquisition programs, CPS should be used, if practicable. A CPS is defined as a strategy that requires that contracts be entered into with not less than two contractors, using the same combat performance requirements, for the competitive design and manufacture of a prototype system or subsystem for developmental test and evaluation. In addition, a CPS requires that all systems so developed be tested in a comparative side-by-side test. No document is required if a CPS is planned. If a CPS is not planned, the Secretary of Defense must submit written notification and a report to the Congress detailing why a CPS would not be practicable (10 U.S.C. 2365 (reference (n)). This notification shall be prepared by the Component and submitted to the Secretary of Defense through the DAB.

5. Milestones I and II - Cost and Operational Effectiveness Analysis (COEA) Report.

A Cost and Operational Effectiveness Analysis report for all DAB programs shall be provided to the DAB, along with SCP or DCP, to support Milestone I and Milestone II. The COEA report shall assess the operational effectiveness and suitability of proposed concepts in the context of the specific tasks addressed in the DoD Component's mission area analysis.

Alternative approaches, and the cost-effectiveness of the recommended approach, should be specifically considered. In the case of cooperative projects, the full costs of the proposed Memoranda of Understanding (MOUs) shall be included in the COEA report.

6. Milestone I and II - Common-Use Alternatives Statement.

During DAB review of Service-unique programs, the SAE must provide to the DAE a statement and supporting analysis regarding the feasibility of common-use alternative systems. This information, along with an independent assessment of the SAE's statement and supporting analysis by the OJCS, shall be considered by the DAE when making a recommendation to the Secretary of Defense.

7. Milestones I Through IV - Program Baseline.

The program baseline (further described in DoD Directives 5000.1 (reference (b)) and 5000.45 (reference (o)) is a formal agreement between the DAE, the SAE, the PEO, and the PM that briefly summarizes the program's functional specifications, cost, schedule, and operational effectiveness and suitability requirements, and other factors critical to the program's success. Except for changes made in the course of the Planning, Programming and Budgeting System, changes to this agreement require the approval of the DAE. A development baseline is established at Milestone II and a production baseline is established at Milestone III. The Production Baseline is updated at Milestone IV. Within the scope of the program baseline, the PM is given full authority to manage the program.

When a baseline breach (as defined in reference (o)) is anticipated for a development or production baseline, the PM shall submit a deviation report through the SAE to the Head of Component. The Head of Component shall then establish a review panel to review the deviation and shall submit a report to the DAE within 45 days.

The MNS shall serve as the program baseline at Milestone 0 for the concept exploration/definition phase. Annex B or the SCP shall be attached to the ADM and becomes the program baseline at Milestone I for the concept demonstration/validation phase. The production baseline established at Milestone III shall be updated to serve as the baseline for Milestones IV and V.

8. Milestones 0 Through V - Independent Cost Estimates (Component and OSD Cost Analysis Improvement Group).

For all major defense acquisition programs, the OSD CAIG will review the program office life-cycle cost estimate (Milestones I through V) and the Component independent life-cycle cost estimate (Milestones 0 through V). In addition, the CAIG will prepare its own independent cost estimate (ICE). The results of the CAIG review, as considered in the DAB process, will be used to satisfy the requirements of 10 U.S.C. 2434 (reference (p)).

9. Milestone II - Decision Coordinating Paper (DCP)/Updated TEMP.

The DCP is used to summarize the results of the concept demonstration/validation phase; to identify program alternatives; and to establish explicit program cost, schedule, operational effectiveness and suitability goals and thresholds. (See enclosure 4 for DCP format) The TEMP is updated in preparation for Milestone II.

10. Milestones II and III - Manpower Estimate Report.

The Manpower Estimate Report is an estimate of the total number of personnel (military, civilian, and contractor) required to operate, maintain, support, and train for the program upon full operational deployment. The report must also address any increases in personnel end strengths required for full operational deployment and deployment options in the event such increases are not authorized. This report must be provided by the Component and reviewed by the Assistant Secretary of Defense (Force Management & Personnel) (ASD(FM&P)), as part of the DAB process, before submittal by the Secretary of Defense to the Senate and House of Representatives Armed Services Committees at least 90 days in advance of Secretary of Defense approval at Milestones II and III for all major defense acquisition programs under 10 U.S.C. 2434 (reference (p)).

11. Milestones II and III - Acquisition Strategy Report (Competitive Alternative Sources).

The Acquisition Strategy Report describes the major defense acquisition program strategy that provides for the availability of competitive alternative sources throughout the period from the beginning of full-scale development through the end of production. For all major defense acquisition programs, this report must be provided by the Component and reviewed by the DAB prior to submittal to the Secretary of Defense by the DAE. Submittal must occur not later than the date of submission of the President's budget for the fiscal year in which the initial request is made for appropriations for FSD or production, whichever is the earlier. The Secretary of Defense must be notified of revisions to the report and the revision cannot be implemented until 60 days after the Secretary has received the revision (10 U.S.C. 2438 (reference (p))).

12. Milestone III - Beyond-Low Rate Initial Production (LRIP) Report.

The Beyond-LRIP Report is an assessment of the adequacy of operational test and evaluation and the operational effectiveness and suitability of the weapon system, subsystem, or component for combat prepared by the DOT&E. This report must be provided by the DOT&E to the Secretary of Defense, Under Secretary of Defense for Acquisition, and the Senate and House of Representatives Committees on Armed Services and Appropriations before the ADM may be signed documenting approval to proceed beyond LRIP for all major defense acquisition programs (DoD Directive 5000.3 (reference (m))).

13. Milestone III - Updated Decision Coordinating Paper (DCP)/Updated TEMP.

In preparation for Milestone III, the DCP is updated to describe program changes since Milestone II and to propose goal and threshold revisions, if appropriate. The TEMP is also updated in preparation for a Milestone III.

14. Milestones IV and V - Updated Decision Coordinating Paper (DCP)/Updated TEMP/Updated Production Baseline.

In preparation for Milestones IV and V, the DCP, the TEMP, and the production baseline are updated to describe program status, changes, and issues.

G. RESPONSIBILITIES

1. DAB Executive Secretary. Designated by the DAB chair, the DAB Executive Secretary shall:

a. Identify, for DAE approval, programs to be designated as DAB and Component programs; schedule reviews; and maintain and distribute, at least quarterly, status reports concerning DAB actions;

b. Make administrative arrangements for meetings and control attendance in DAB reviews;

c. Staff and coordinate the MNS;

d. Assure final list of DAB issues is forwarded to the appropriate SAEs following the Acquisition Committee pre-DAB review session;

e. Present the Acquisition Committees' reports to the DAB, in concert with the cognizant committee chairs, and discuss any unresolved issues;

f. Prepare and coordinate the ADM with DAB principals;

g. Document DAB recommendations to the Secretary of Defense and prepare final ADM to the Services for DAE signature; and

h. Maintain a central reference file for current program documentation.

2. OSD Action Officers. The DAB Committee chairs shall appoint action officers to be the lead staff officials in the DAB process for each Category A major defense acquisition program. The Component's acquisition staff shall support the OSD action officer in the performance of the following duties outlined below. The OSD Action Officer shall:

a. Coordinate DAB issues and DoD Component positions;

b. Conduct planning meetings, when designated by the committee chair;

c. Process, as appropriate, the SCP and DCP;

d. Process the program baseline agreement;

e. Ensure that all staff reports are compiled and distributed in preparation for DAB Acquisition Committee reviews;

f. Ensure that comments and recommendations from all OSD offices on DAB and program review-related documents are integrated into one coherent set of views and issues; and

g. Develop the Committee findings for presentation to the DAB.

H. EFFECTIVE DATE AND IMPLEMENTATION

This Instruction is effective immediately. DoD Components shall forward one copy of implementing documents to the Under Secretary of Defense for Acquisition within 120 days.

William H. Taft

WILLIAM H. TAFT, IV
Deputy Secretary of Defense

Enclosures - 5
1. References
2. Additional References (Not Cited in Document)
3. Mission-Need Statement (MNS) Format
4. System Concept Paper (SCP) and Decision Coordinating Paper (DCP) Formats
5. DAB Acquisition Committee Chart

REFERENCES (continued)

(e) DoD Directive 4245.3, "Design to Cost," April 6, 1983
(f) DoD Directive 5000.39, "Acquisition and Management of Integrated Logistic Support for Systems and Equipment," November 17, 1983
(g) DoD Directive 4245.7, "Transition from Development to Production," January 19, 1984
(h) DoD Directive 5000.38, "Production Readiness Reviews," January 24, 1979
(i) Defense Intelligence Agency (DIA) Regulation 55-3, "Threat Support for Major System Acquisition," December 6, 1983
(j) DoD Directive 5000.11, "Data Elements and Data Codes Standardization Program," December 7, 1964
(k) DoD 5000.12-M, "DoD Manual for Standard Data Elements," October 1986, authorized by DoD Directive 5000.12, April 27, 1965
(l) Title 10, United States Code, Section 2407, "Acquisition of Defense Equipment Under Cooperative Projects"
(m) DoD Directive 5000.3 "Test and Evaluation," March 12, 1986
(n) Title 10, United States Code, Section 2365, "Competitive Prototype Strategy Requirements"
(o) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986.
(p) Title 10, United States Code, Chapter 144, "Major Defense Acquisition Programs," Sections 2430-38
(q) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
(r) DoD Directive 4120.18, "Metric System of Measurement," January 28, 1980

ADDITIONAL REFERENCES

The following references, while not specifically referred to in this Instruction, represent DoD policy on many facets of the acquisition system and are included here for the sake of completeness.

(s) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
(t) DoD Directive 5000.35, "Defense Acquisition Regulatory System," March 8, 1978
(u) DoD Directive 4245.6, "Defense Production Management," January 19, 1984
(v) DoD Directive 4005.1, "Industrial Preparedness Program," November 26, 1985
(w) DoD Directive 2010.6, "Standardization and Interoperability of Weapons Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
(x) DoD Directive 5000.37, "Acquisition and Distribution of Commercial Products (ADCP)," September 29, 1978
(y) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979
(z) DoD Directive 4120.19, "DoD Parts Control Program," October 30, 1985
(aa) DoD Directive 4155.1, "Quality Program," August 10, 1978
(bb) DoD Directive 5000.40, "Reliability and Maintainability," July 8, 1980
(cc) DoD Directive 3224.1, "Engineering for Transportability," November 29, 1977
(dd) DoD Instruction 5000.36, "System Safety Engineering and Management," April 14, 1986
(ee) DoD Directive 3224.3, "Physical Security Equipment: Assignment of Responsibility for Research, Engineering, Procurement, Installation, and Maintenance," December 1, 1976
(ff) DoD Instruction 4245.4, "Acquisition of Nuclear-Survivable Systems," September 2, 1983
(gg) DoD Directive 5160.65, "Single Manager for Conventional Ammunition," November 17, 1981
(hh) DoD Instruction 4200.15, "Manufacturing Technology Program," May 24, 1985
(ii) DoD Directive 5000.29, "Management of Computer Resources in Major Defense Systems," April 26, 1976
(jj) DoD Directive 7750.5, "Management and Control or Information Requirements," August 7, 1986
(kk) DoD Instruction 5010.12, "Management of Technical Data," December 5, 1968
(ll) DoD 5000.19-L, VOL II, "Acquisition Management Systems and Data Requirements Control List," October 1985, authorized by DoD Directive 5000.19, March 12, 1976
(mm) DoD 4140.43, "Department of Defense Liquid Hydrocarbon Fuel Policy for Equipment Design, Operation and Logistics Support," December 5, 1975
(nn) DoD Directive 6050.1, "Environmental Effects in the United States of DoD Actions," July 30, 1979
(oo) DoD 7920.1, "Life Cycle Management of Automated Information Systems (AIS)," October 17, 1978
(pp) DoD Instruction 7000.3, "Selected Acquisition Reports," June 22, 1987
(qq) DoD Directive 7000.2, "Performance Measurement for Selected Acquisitions," June 10, 1977

(rr) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definitions," August 15, 1977
(ss) DoD Directive 5010.19, "Configuration Management," May 1, 1979
(tt) DoD Instruction 7220.32, "Defense Acquisition Executive Summary," March 28, 1984
(uu) DoD Directive 5105.40, "Defense Mapping Agency (DMA)," April 23, 1986
(vv) DoD Directive 4650.1, "Management and Use of the Radio Frequency Spectrum," June 24, 1987
(ww) DoD Instruction 5000.23, "System Acquisition Management Careers," December 9, 1986
(xx) DoD Directive 5025.1, "Department of Defense Directives System," October 16, 1980
(yy) DoD Instruction 7220.31, "Unit Cost Reports," January 17, 1986
(zz) Defense Acquisition Circular 76-43 to the 1976 edition of the Defense Acquisition Regulation (Armed Services Procurement Regulation)

MISSION-NEED STATEMENT (MNS) FORMAT

Prepare MNS in format shown below. Do not exceed three pages. Identify any supporting documentation.

1. Defense Guidance Element. Identify the element of Defense Guidance to which the acquisition responds.

2. Mission and Threat. Identify the OUSD(A) mission area (numbers and title) and describe the mission area need. Also identify the related Defense Guidance mission area (numbers and title). Discuss the DIA-validated projected threat and the shortfalls of existing systems or facilities in meeting the threat. Comment on the timing of the need and the general priority of this acquisition relative to others in this mission area.

3. Alternative Concepts. Describe known alternatives that will be considered during the concept exploration/definition phase (including use of an existing U.S. or allied military or commercial system or product improvements of an existing system).

4. Cooperative Opportunities Document. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one or the Allied nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one or the other Allied nations.

5. Technology Involved. For known alternatives, discuss maturity of the technology planned for the selected acquisition design and manufacturing processes, with particular emphasis on remaining areas of risk. Discuss projected sustained industrial support for the planned baseline technology and the projected need for off-shore production and technology support. Discuss system and subsystem prototyping considerations.

6. Funding Implications. Discuss affordability, including the level or funding the Component is willing to commit to satisfy the need and whether this level will fully fund the program over the approved Defense Five-Year Defense Program (FYDP).

7. Constraints. Describe, as applicable, key boundary conditions for satisfying the need, such as reliability, maintainability, and survivability; logistics support, mapping, charting and geodesy support, manpower, personnel, training, and safety constraints; computer resources; standardization or interoperability within NATO or other DoD Components; and critical materials and industrial base considerations. Provide justification for any proposed nonuse of the metric measurement system (DoD Directive 4120.18 (reference (r))).

8. Acquisition Strategy. Provide a summary of salient elements of proposed acquisition strategy, such as program structure, competition, contracting approach, and acquisition streamlining.

SYSTEM CONCEPT PAPER (SCP) AND DECISION COORDINATING PAPER (DCP) FORMATS

Prepare SCP (for Milestone 1) and DCP (for Milestones II, III, IV and V) in format shown below. Do not exceed 12 pages for SCP and 18 pages for DCP, excluding the annexes. Use the additional length of the DCP primarily for expanded sections 7 through 9. Identify any supporting documentation.

1. Brief Description of the Acquisition. One short paragraph.

2. History. Summarize any previous guidance, decisions, and congressional actions.

3. Mission Area and Role. Describe how the program supports the identified OUSD(A) mission area in both broad and specific terms. Refer to Defense Guidance, if appropriate.

4. Threat Assessment. Describe DIA-validated threat, emphasizing interactive effects of the acquisition and the threat.

5. Shortfalls of Existing Systems. Describe inadequacies of existing systems or facilities.

6. Alternatives Considered. Identify all alternatives considered, including joint-Service common-use alternatives and the potential for single Service funding for joint efforts. Discuss rejected alternatives and reasons for their nonselection. If a new acquisition is proposed, discuss why use of an existing U.S. or allied military or commercial system or product improvement of an existing system was not selected.

7. Cooperative Opportunities Document. Indicate whether or not a program addressing a similar need is in development or production by one of the Allied nations. If so, indicate whether that program could satisfy the military requirements of the United States. Assess the advantages and disadvantages of seeking to structure a cooperative development program with one of the nations. Include a recommendation as to whether the Department of Defense should explore the feasibility and desirability of a cooperative development program with one or the Allied nations.

8. Description of Selected Alternative. Describe the acquisition in more detail than in subsection 6, above. Define the operational concept. Discuss commonality and how the preferred alternative avoids duplication with other systems. Discuss survivability (including nuclear) and standardization. Verify that the acquisition is justified in terms of program cost versus militery worth of new or improved capability. Discuss readiness; sustainability; completeness or mapping, charting, and geodetic data bases and unique impacts and/or transformation requirements, manpower economy; manpower, personnel, training, and safety planning; and how they are to be achieved. If applicable, discuss electro-magnetic spectrum availability, and for Milestones II and III, host-nation spectrum availability and coordination. Do not duplicate from annexes.

9. Technological Risks of Selected Alternative. For Milestone I (SCP), identify key areas of technological and manufacturing producibility risk that must be reduced by R&D and validated by test and evaluation before Milestone II. Discuss system and subsystem prototyping considerations. For Milestone II (DCP), discuss test and evaluation results that show all significant risk areas have been resolved. Also for Milestone II, discuss the extent to which technology is in-hand and only engineering (rather than experimental) efforts remain. Discuss which components and quantities might be considered for low rate initial production (LRIP). For Milestone III (DCP), discuss operational test and evaluation results that demonstrate that the system is ready to proceed to full rate production.

10. Acquisition Strategy. Discuss general strategy for the entire program, and detailed strategy for proceeding to the next milestone. Emphasize program structure. Address specifically competition, contracting, and acquisition streamlining for all phases. Discuss planning for LRIP. Outline production planning to ensure an industrial base response that will support efficient manufacture and provide surge capacity, when appropriate. At Milestone II, verify that future cost and schedule are defined in detail and credible. At Milestone III, verify the credibility of production cost and appropriateness of the production/deployment schedule. Discuss program cost control measures. Discuss the appropriateness of multi-year procurement funding. At Milestones I-III, discuss whether the program should be a Defense Enterprise Program and a milestone authorization program. Do not duplicate from annexes. Indicate those DoD Directives, DoD Instructions, and management principles in enclosure 1 that will not be applied to the proposed system.

11. Known Issues. Discuss issues identified by the Military Services and by the DAB chair.

12. Decisions Needed. Summarize necessary decisions.

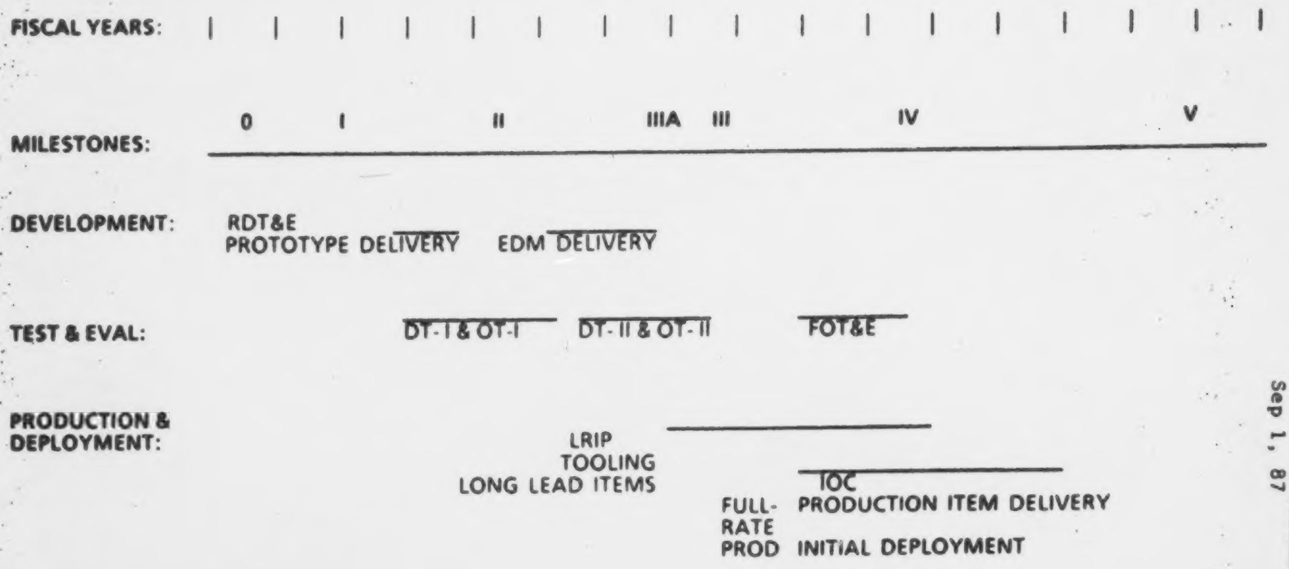
ANNEXES TO SCP AND DCP

Attachments - 5

1. Annex A: Program Structure Example
2. Annex B: Program Goals and Thresholds
3. Annex C: Program Resources - Cost Track Summary
4. Annex D: Program Resources - Funding Profile
5. Annex E: Summary of Life-Cycle Cost of Program Alternatives

ANNEX A: PROGRAM STRUCTURE EXAMPLE

Note: The schematic below is an example only and should not be construed as the only acceptable program structure to be followed rigidly. See DoD Directive 5000.1 (reference (b)) policy concerning tailoring of acquisition phases/milestones and acquisition strategy for major defense acquisition programs.


FISCAL YEARS:
MILESTONES:
0
I
II
IIIA
III
IV
V
DEVELOPMENT:
RDT&E
PROTOTYPE DELIVERY
EDM DELIVERY
TEST & EVAL:
DT-I & OT-I
DT-II & OT-II
FOT&E
PRODUCTION & DEPLOYMENT:
LRIP
TOOLING
LONG LEAD ITEMS
FULL-RATE PROD
IOC
PRODUCTION ITEM DELIVERY
INITIAL DEPLOYMENT

EDM: Engineering Development Model
DT: Developmental Testing
OT: Operational Testing
IOC: Initial Operational Capability
FOT&E: Follow-On Operational Testing & Evaluation

ANNEX B: PROGRAM GOALS AND THRESHOLDS[1]

As Of Date: __________	MILESTONE I[2]		MILESTONE II[2]		MILESTONE III[2]		MILESTONE IV[2]		MILESTONE V[2]	
	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD	GOAL	THRESHOLD
COST(Constant FYXX Base Year $)[3]										
Total RDT&E										
Total Procurement										
Avg Unit Flyaway (Cum Qty[3]) (or Nth Unit Flyaway[3])										
Avg Unit Procurement (Cum Qty[3]) (or Nth Unit Procurement[3])										
SCHEDULE (Dates)										
Milestone II										
Milestone III										
IOC (or FUE) (IOC = Initial Operational Capability; FUE = First Unit Equipped)										
PERFORMANCE[4]										
Technical[5]										
Speed										
Maximum Range										
Rate-of-fire										
Operational[5]										
Hit Probability										
Kill Probability										
READINESS/SUPPORTABILITY[4]										
Technical[5]										
Reliability										
Transportability										
Operational[5]										
Reliability (Field)										
Maintainability										
Operational Availability										
Sortie Rate										
Manning										
INDUSTRIAL BASE										
Leadtime to Produce										
Production Buildup Rate										
Production Rate										
Surge Rate										

---

[1] Include goal and/or threshold ranges or variances, when appropriate.

[2] Enter approved program data for prior milestones. Enter proposed data for milestone at hand. (This is last column requiring data entry). Include columns for any additional milestones not shown above (e.g. IIIA, IIIB, etc).

[3] Use terms & definitions per DoD Instruction 5000.33 (reference (rr)). Enter cumulative quantity if an average unit cost goal is established for a cumulative number of units, or "Nth" unit number if an incremental unit cost goal is established as of a specific unit. Use either method or both if desirable and use a quantity produced early in program.

[4] Select performance and readiness/supportability parameters appropriate to program (these are examples only).

[5] At Milestones II and III, technical goals and thresholds will be verified by Developmental T&E and Operational goals and thresholds will be verified by Operational T&E.

ANNEX C: PROGRAM RESOURCES - COST TRACK SUMMARY[1]

(Dollars in Millions)

As Of Date:________

	Constant FYXX Base Year $			Escalated[4] $
	(Date and Basis)[2] Initial Planning Estimate[2]	(Date)[3] ADM Estimate[3]	Current Estimate[4]	Current Estimate[4]
DEVELOPMENT PHASE				
RDT&E (By Program Element)	( )[6]	( )[6]	( )[6]	( )[6]
Concept Exploration/Definition Phase				
Concept Demo/Validation Phase				
Full-Scale Development Phase				
Test Vehicle Development				
Test Vehicle Production				
Systems Test & Evaluation				
Other Development Costs				
Contingency/Risk Factor				
Total RDT&E				
MILCON				
O&M[5]				
MILPERS[5]				
Total Development Phase				
PRODUCTION PHASE				
PROCUREMENT				
System Cost[7]				
Flyaway Cost (Provide one level of WBS indenture based on program requirements)	( )[6]	( )[6]	( )[6]	( )[6]
Other System Costs				
Initial Spares				
Other line item procurement[8]				
Total Procurement				
MILCON				
O&M[5]				
MILPERS[5]				
Total Production Phase				

ANNEX C: PROGRAM RESOURCES - COST TRACK SUMMARY[1] (Continued)

(Dollars in Millions)

	Constant FYXX Base Year $			Escalated[4] $
	(Date and Basis)[2] Initial Planning Estimate[2]	(Date)[3] ADM Estimate[3]	Current Estimate[4]	Current Estimate[4]
TOTAL OPERATIONS & SUPPORT PHASE				
TOTAL XX-YR LIFE-CYCLE ESTIMATE				
AVERAGE ANNUAL SYSTEM O&S COSTS				
No. of Systems: No. of Years:				
MANPOWER				
Military Manpower				
Unit Manning				
Program Totals (Active/Reserve)				
Civilian Manpower				

---

1 Apply footnotes as required to explain the summary. Adjustments to format are authorized to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be in accordance with DoD Instruction 5000.33 (reference (rr)).

2 Identify date and basis (MNS or otherwise) for initial planning estimate.

3 Identify date of previous Acquisition Decision Memorandum (ADM). Add columns as necessary for each successive ADM.

4 Show the preferred alternative current estimate in both constant (base year) and escalated (then year) dollar columns. Use current FYDP rates and ground rules for the escalated estimate.

5 Include other life-cycle related costs (such as installation, project manager office, and civilian salaries) funded by O&M and MILPERS appropriations during development or production phases.

6 Enter development and production quantity, as appropriate.

7 System cost is equal to weapon system cost as defined in reference (rr).

8 Enter industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name (or program element and name) under which funding is required and the amount in each.

NOTE: Use footnotes to explain reasons for significant variations in estimate (such as, schedule slippage, congressional funding changes, OSD-directed program change, etc).

ANNEX D: PROGRAM RESOURCES - FUNDING PROFILE[1,2]

(Dollars in Millions)

As Of Date:__________	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
ACQUISITION QUANTITIES[3]								
Development Qty: Funded								
Delivered								
Production Qty: Funded								
Delivered								
DEVELOPMENT PHASE REQMTS								
RDT&E (By Program Element)								
Exploration/Definition Phase								
Demonstration/Validation Phase								
Full-Scale Development Phase								
Test Vehicle Development								
Test Vehicle Production								
Systems Test & Evaluation								
Other Development Costs								
Contingency/Risk Factor								
Total RDT&E								
(Total RDT&E Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Development Phase								
PRODUCTION PHASE REQMTS								
PROCUREMENT[5]								
System Cost[6]								
Flyaway, Rollaway, Sailaway (provide one level of WBS indenture based on program requirements)								
Other System Costs								
Advance Proc Prior Yr (Show as minus entries)								
Advance Proc Current Yr (Show as plus entries)								
Initial Spares								
Other line item Procurement[7]								
Total Procurement								
(Total Procurement Approved FYDP) (Show as Non-add entries in parenthesis)								
MILCON								
O&M[4]								
MILPERS[4]								
Total Production Phase								

ANNEX D: PROGRAM RESOURCES - FUNDING PROFILE[1,2] (Continued)

(Dollars in Millions)

	Initial[2] FY___	FY___	FY___	FY___	FY___	FY___	FY...[2]	TOTAL PROGRAM
OPERATIONS & SUPPORT PHASE REQMTS								
MILPERS								
O&M								
PROCUREMENT[8]								
RDT&E[8]								
Total Ops & Support Phase								
OTHER REQUIREMENTS[9]								
During Development								
During Production								
During Ops & Support								
Industrial Capacity Investment								
Total Other Requirements								
TOTAL XX-YR LIFE-CYCLE REQMTS								

---

[1] Provide profile for each alternative in constant (base year) and in escalated (then year) dollars using current FYDP rates/ground rules for the program baseline quantity stream. For the preferred alternative, provide two additional funding profiles for accelerated quantity streams. The first will be based on optimum peacetime surge production rates/rate acceleration attainable from baseline material & facility resources (including reasonable line-of-balance enhancements to that baseline). The second will be based on mobilization production rates/rate acceleration required to meet warfighting demand including any necessary enhancements to baseline material & facility resources.

[2] Apply footnotes as required to explain each profile. Adjustments to format are authorised to accommodate program. Any adjustments will be decided on at the initial milestone planning meeting. Terms and definitions will be used per DoD Instruction 5000.33 (reference (rr)). Use as many columns as necessary to show every FY of acquisition funding from initial to last FY, and operations and support funding until steady state operations are achieved.

[3] Identify the number of development and production incremental units to be funded and delivered during each FY.

[4] Identify other life-cycle related costs (such as installation, project manager office, and civilian salaries) funded by other appropriations; for example, O&M and MILPERS during development or production phases or later.

[5] Enter the costs by appropriation, such as, Aircraft Procurement, Missile Procurement, Shipbuilding & Conversion, or Other Procurement. If more than one applies, identify each separately.

[6] System cost is equal to weapon system cost as defined in reference (rr).

[7] Identify industrial preparedness program (industrial facilities, manufacturing technology, and technology modernization) cost directly related to the system at hand and other system peculiar costs identified as a separate line item, or as a portion of a separate line item, in another part of the procurement budget. Identify each by the line item number and name, or program element (PE) and name, under which funding is required and the amount in each.

[8] Enter Procurement costs associated with operation/owning a weapon system, such as modifications, replenishment spares, and support equipment, and RDT&E costs in operational PEs (other than in Program 6) such as for mods.

[9] Enter system-peculiar costs carried elsewhere in the budget such as, installation, project manager's office, civilian salaries, shore-based training facilities, etc.

ANNEX E: SUMMARY OF LIFE-CYCLE COST OF PROGRAM ALTERNATIVES

As Of Date:________

CONSTANT DOLLARS (in Millions)

ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YEAR LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

CURRENT DOLLARS (in Millions)

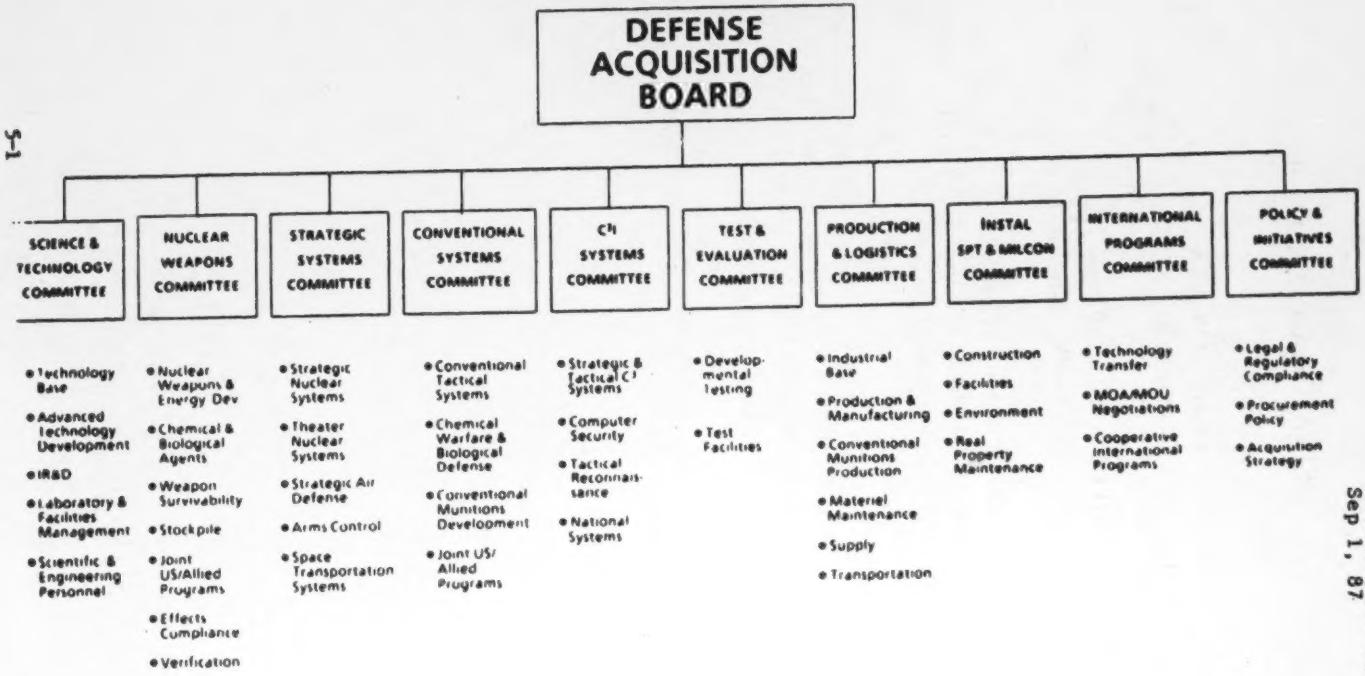
ALTERNATIVE	DEVELOPMENT	PRODUCTION	OPERATIONS AND SUPPORT	TOTAL XX-YEAR LIFE CYCLE
A 1				
A 2				
A 3				
o				
o				
o				

APPENDIX II

USD(A) CHARTER AUDIT TRAIL

Tab A	Memo to Secretary of Defense from Doc Cooke (DASD, Administration) undated, SUBJ: Charter for USD(A)
Tab B	Memo to Secretary and Deputy Secretary of Defense dated 2 January 1987, SUBJ: USD(Acquisition)
Tab C	Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 28 October 1986, SUBJ: Defense Acquisition System Reorganization
Tab D	Recommended changes from Doc Cooke to the Memo to Secretary of Defense from Under Secretary of Defense (Acquisition) dated 28 October 1986, SUBJ: Defense Acquisition System Reorganization
Tab E	Memo to Under Secretary of Defense (Acquisition) from Doc Cooke dated 21 October 1986
Tab F	Draft DoD Directive

DEFENSE ACQUISITION BOARD
ACQUISITION COMMITTEES


DEFENSE ACQUISITION BOARD
SCIENCE & TECHNOLOGY COMMITTEE
• Technology Base
• Advanced Technology Development
• IR&D
• Laboratory & Facilities Management
• Scientific & Engineering Personnel
NUCLEAR WEAPONS COMMITTEE
• Nuclear Weapons & Energy Dev
• Chemical & Biological Agents
• Weapon Survivability
• Stockpile
• Joint US/Allied Programs
• Effects Compliance
• Verification
STRATEGIC SYSTEMS COMMITTEE
• Strategic Nuclear Systems
• Theater Nuclear Systems
• Strategic Air Defense
• Arms Control
• Space Transportation Systems
CONVENTIONAL SYSTEMS COMMITTEE
• Conventional Tactical Systems
• Chemical Warfare & Biological Defense
• Conventional Munitions Development
• Joint US/Allied Programs
C^3I SYSTEMS COMMITTEE
• Strategic & Tactical C^3 Systems
• Computer Security
• Tactical Reconnaissance
• National Systems
TEST & EVALUATION COMMITTEE
• Developmental Testing
• Test Facilities
PRODUCTION & LOGISTICS COMMITTEE
• Industrial Base
• Production & Manufacturing
• Conventional Munitions Production
• Materiel Maintenance
• Supply
• Transportation
INSTAL SPT & MILCON COMMITTEE
• Construction
• Facilities
• Environment
• Real Property Maintenance
INTERNATIONAL PROGRAMS COMMITTEE
• Technology Transfer
• MOA/MOU Negotiations
• Cooperative International Programs
POLICY & INITIATIVES COMMITTEE
• Legal & Regulatory Compliance
• Procurement Policy
• Acquisition Strategy

Tab A

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON D C 20301

COMPTROLLER
(Administration)

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Charter for the USD(Acquisition)--INFORMATION MEMORANDUM

On January 22, 1987, we circulated a draft charter for the USD(Acquisition), a copy of which is attached at Tab A, and, at the direction of the Deputy Secretary, requested comments from key DoD officials by January 29. The proposed assigned functions and responsibilities in the draft were consistent with the guidance provided by you and the Deputy.

We have received comments from the Service Secretaries, DoD General Counsel, ASD(Comptroller), ASD(Health Affairs), ASD(Reserve Affairs), DoD Inspector General, Director of Operational Test and Evaluation, and Director of Program Analysis and Evaluation. We have not yet received comments from the Chairman, JCS, USD(Acquisition), and ASD(Force Management and Personnel). I have not discussed the draft with any of the latter group. Copies of the comments we received are attached at Tab B.

As you might imagine, the draft created considerable controversy and most every submission contained some objections. We were able to accommodate many of the objections within the framework of the guidance you provided. In other cases, we were not able to do so. After analyzing the comments, we determined that there are a number of issues which should be brought to your attention. They are:

1. Section C.1.e. on page 2 of the draft provides that the USD(Acquisition) would establish policy and provide guidance concerning the auditing of Defense contractors. Larry Garrett, Bob Helm, and Derek Vander Schaaf object. They argue that this section is inconsistent with the IG Act of 1978, as amended, which empowers the DoD IG to provide policy direction for, and to conduct, supervise, and coordinate audits relating to programs and operations of the DoD. They further point out that Section 133(d) of title 10, United States Code, which assigns duties to the USD(Acquisition), requires that "Nothing in this subsection shall affect the authority of the Inspector General of the Department of Defense to establish audit policy . . . ."

The intent of the language in the draft charter was to resolve the problem of duplicative and uncoordinated audits, which has been a point of criticism within and outside the Department. Both Larry and Derek suggest that alternate language, consistent with that contained in the Conference Report on the FY 1987 DoD Authorization Act, be used. This makes sense because the alternative would be consistent with the requirements of the IG Act and, at the same time, improve the coordination of contractor audits.

other way around

Accordingly, it is recommended that we substitute that the USD(Acquisition) will, "in conjunction with the DoD IG, coordinate audit and oversight of contractor activities (to prevent duplication of effort within the Department.)"

[illegible]

2. Section E.3. on page 6 of the draft provides that the USD(Acquisition) shall have direct line authority over the Service Acquisition Executives and Section E.5. (same page) provides that he shall also determine the functions and responsibilities to be assigned to the SAEs, as well as the subordinate organizational structure to be established under those officials. The Service Secretaries object on the grounds that these provisions seriously undermine their rightful management authorities, diffuse acquisition accountability and responsibility which belong in their offices, and prevent them from organizing their Departments in a manner which most effectively and efficiently accomplishes the acquisition mission while, at the same time, satisfying unique Service needs.

In addition to these management concerns, Larry Garrett raises legal objections. He believes that the delegation of such line authority would be inconsistent with the statutes that establish the Service Secretaries as the heads of their Departments and which, in the case of the Secretaries of the Army and the Air Force, provide them with express responsibility for and authority to conduct all affairs of their Departments. Larry also points out that the legislation establishing the USD(Acquisition) underscores this statutory arrangement by authorizing the USD(Acquisition) "to direct the Secretaries of the Military Departments and heads of all other elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility."

In view of the serious management and legal problems involved, it is recommended that Sections E.3. and E.5. be deleted from the USD(Acquisition) charter. Note that Section E.2. of the draft clearly states the Under Secretary's directive authority over the Service Secretaries. Retention of this section and deletion of Sections E.3. and E.5. would put us in compliance with the legal provisions concerning the authorities of the Service Secretaries while, at the same time, giving the USD(Acquisition) the influence and authority he needs to carry out his responsibilities.

to GC

3. The Secretaries of the Army and the Air Force contend that the draft extends the definition of acquisition to functions beyond traditional acquisition activities. They include as examples areas such as logistics, energy, and installations management.

Throughout the recent debate concerning DoD's acquisition arrangements, neither the Packard Commission, National Security Decision Directive 219, nor the Congress, has defined the term acquisition. However, it has been uniformly accepted that all of the functions formerly assigned to the ASD(Acquisition and Logistics) should come under the USD(Acquisition), including the functions in question. To limit his cognizance over some of them would undermine his authority, fragment acquisition and logistics programs, and confuse reporting channels.

The functional arrangement contained in the draft provides for the integration of related programs and clarifies reporting channels. It is recommended that they remain intact.

4. Larry Garrett has revised the list of Delegations of Authority from you to the USD(Acquisition) contained as an enclosure to the draft. In the past an attempt was made to include all appropriate statutes and executive orders and, invariably, omissions were made. Larry has developed a blanket delegation which should prove more accurate and effective.

5. As indicated previously, the Chairman, JCS, has not yet commented on the draft. However, we have been advised, informally, that he may recommend that the Vice Chairman, JCS, be designated as the Co-Chairman of the Defense Acquisition Board, as recommended by the Packard Commission Report. Delegation?

At the time we were in the process of implementing the Commission's recommendation, it was determined that the Board would be stronger with a single chairman, that the USD(Acquisition) would be the logical choice for the job, and that the Vice Chairman, JCS, would be too busy with other matters to serve as Co-Chairman. Before following through, I discussed this issue with Bill Perry, who was actively involved in the Commission's recommendation to create Co-Chairmen. He agreed with our rationale and the Deputy Secretary issued a memorandum which, among other things, designated the Vice Chairman, JCS, as Vice Chairman of the JRMB (since redesignated as the DAB).

In my opinion, the rationale is still valid.

Once you and the Deputy Secretary have made decisions on the above issues, we can publish the USD(Acquisition) charter.

D. O. Cooke
Deputy Assistant Secretary of Defense

Attachments

Prepared by Mr. A. H. Ehlers, x54278

DoD DIRECTIVES SYSTEM COORDINATION AND CONTROL RECORD

1. TYPE OF ISSUANCE DoD Directive	2. ISSUANCE NO	3. SUBJECT Under Secretary of Defense (Acquisition)

4a. FROM Signature (Deputy or Assistant Secretary or equivalent) D Cooke	5a. SIGNATURE OF ACTION OFFICER Arthur H. Ehlers		
b. TYPED NAME (Last, First, M.I.) Cooke, David O.	b. TYPED NAME (Last, First, M.I.) Ehlers, Arthur H.		
c. TITLE Deputy Assistant Secretary of Def (Admin)	c. OFFICE SYMBOL OMP-OASD(Compt)	d. TELEPHONE NO. x54278	e. ROOM NO 3A326

6. PURPOSE REMARKS

The Deputy Secretary of Defense has directed that comments be received by January 29, 1987. No extensions will be granted.

Hand carried to every office on 1-22-87 except:
ASD(C) delivered to DASD(MS) 1-23-87.
IG delivered to OSD mail room 1-22-87.

7. SECURITY CLASSIFICATION (See DoD Regulation 5200.1-R)
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLASSIFIED
☐ OTHER (Specify) ______

8. THE DOCUMENT WILL BE PUBLISHED AS A RULEMAKING DOCUMENT IN THE FEDERAL REGISTER (See DoD Directive 5400.9)
☒ YES ☐ NO

7. DATE FORWARDED (YYMMDD) 87-01-22

8. RETURN DATE (YYMMDD) 87-01-29

9. TO ADDRESSEES LISTED BELOW. The attached draft is forwarded for review and comment.
a. If the draft as written is approved, please indicate concurrence by signing and dating the appropriate space below. (Signature level must comply with subsections D.2. and 3., Chapter 2, DoD 5025.1-M.)
b. If changes are recommended please attach a separate memorandum covering the recommendations and so indicate in the appropriate space below.

X	UNDER SEC DEF FOR POLICY	X	SECRETARY OF THE ARMY
X	UNDER SEC DEF FOR Acquisition	X	SECRETARY OF THE NAVY
	ASST. SEC DEF (Acquisition and Logistics)	X	SECRETARY OF THE AIR FORCE
	ASST. SEC DEF (Command, Control, Communications, and Intelligence)	X	CHAIRMAN, JOINT CHIEFS OF STAFF
X	ASST. SEC DEF (Comptroller)		DIRECTOR, DEFENSE ADVANCED RESEARCH AND PROJECTS AGENCY
X	ASST. SEC DEF (Force Management and Personnel)		DIRECTOR, DEFENSE AUDIOVISUAL AGENCY
X	ASST. SEC DEF (Health Affairs)		DIRECTOR, DEFENSE COMMUNICATIONS AGENCY
X	ASST. SEC DEF (Legislative Affairs)		DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
X	ASST. SEC DEF (Public Affairs)		DIRECTOR, DEFENSE INTELLIGENCE AGENCY
	ASST. SEC DEF (Research and Technology)		DIRECTOR, DEFENSE INVESTIGATIVE SERVICE
X	ASST. SEC DEF (Reserve Affairs)		DIRECTOR, DEFENSE LOGISTICS AGENCY
X	GENERAL COUNSEL, DoD		DIRECTOR, DEFENSE MAPPING AGENCY
X	INSPECTOR GENERAL, DoD		DIRECTOR, DEFENSE NUCLEAR AGENCY
	ASST. TO THE SEC DEF (Atomic Energy)		DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY
	ASST. TO THE SEC DEF (Intelligence Oversight)		DIRECTOR, NATIONAL SECURITY AGENCY/CHIEF, CENTRAL SECURITY SERVICE
X	DIRECTOR, OPERATIONAL TEST AND EVALUATION		DIRECTOR, STRATEGIC DEFENSE INITIATIVE ORGANIZATION
X	DIRECTOR, PROGRAM ANALYSIS AND EVALUATION		

SD Form 106, AUG 85 Previous editions are obsolete

Department of Defense
DIRECTIVE

NUMBER

SUBJECT: Under Secretary of Defense (Acquisition)

References:
(a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
(b) Title 10, United States Code
(c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
(d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
(e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense; Defense Agencies; and DoD Field Activities.

C. RESPONSIBILITIES

The Under Secretary of Defense for Acquisition (USD(A)) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the acquisition system; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement.

1. The USD(A) shall:

a. Serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. Develop policy for acquisition plans and strategies, validate program acquisition requirements, and develop acquisition program guidance;

c. Set policy for acquisition matters, including contracting, research and development, production, construction, logistics, developmental testing, procurement and training and career development of acquisition personnel;

d. Set policy for administrative oversight of defense contractors;

e. Establish policy and provide guidance concerning the auditing of defense contractors;

f. Serve as the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (E.O.) 12352 (reference (e)) and 41 U.S.C. 401-419 (reference (f));

g. Prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD;

h. Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and provide approval authority for memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters; and

i. Chair the Defense Acquisition Board (DAB) assisted by an integrated structure of councils and committees which relate to the acquisition process.

2. For each assigned area, the USD(A) shall:

a. Direct planning and special studies to analyze and evaluate the technical, economic and military worth of programs in the acquisition system;

b. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs;

c. Develop systems and standards for the administration and management of approved DoD acquisition plans and programs;

d. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives, and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization, consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States and its allies;

e. Review and evaluate recommendations on requirements and priorities;

f. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance;

g. In conjunction with the Assistant Secretary of Defense (Comptroller) (ASD(C)), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs;

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities;

i. Promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside the Department of Defense;

j. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense;

k. Develop and maintain information management and reporting systems; and

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Developmental test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, logistics support, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the North Atlantic Treaty Organization (NATO) Infrastructure program.

E. AUTHORITIES AND RELATIONSHIPS

1. The USD(A) shall take precedence in the DoD on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

2. The USD(A) shall direct the Secretaries of the Military Departments and heads of other DoD organizations on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The USD(A) shall have direct line authority over the Service Acquisition Executives (SAEs) and Directors of Defense Agencies and DoD Field Activities on matters described in subsection E.2., above. The USD(A) shall keep the Secretaries of the Military Departments informed of activities involving the SAEs.

4. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components.

5. The USD(A) shall determine the functions and responsibilities to be assigned to the SAEs, as well as the subordinate organizational structure to be established under those officials.

6. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the latter officials shall reclama to the USD(A). If they are still unable to agree, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution.

7. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

(4) Acquisition-related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) The Assistant to the Secretary of Defense (Atomic Energy);

(6) The Director of Small and Disadvantaged Business Utilization; and

(7) The Defense Advanced Research Projects Agency; the Defense Communications Agency; the Defense Logistics Agency; the Defense Mapping Agency; the Defense Nuclear Agency; the Joint Tactical Command, Control, and Communications Agency; and the Defense Systems Management College.

b. Provide technical guidance to the Electromagnetic Compatibility Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and Federally Funded Research and Development Centers (FFRDCs).

d. Use existing facilities and services of the Department of Defense and other Federal agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

8. The USD(A) shall also:

a. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to Unified and Specified Commands shall be issued through the Chairman of the Joint Chiefs of Staff (CJCS).

b. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

c. Communicate directly with the heads of DoD Components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the CJCS.

d. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

e. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

f. Coordinate and exchange information with other OSD and DoD officials exercising collateral or related responsibilities.

g. Exercise the delegations of authority contained in enclosure 2 to this Directive.

9. Other OSD and DoD officials shall coordinate with the USD(A) on all matters related to authorities, responsibilities, and functions assigned in this Directive.

F. EFFECTIVE DATE

This Directive is effective immediately.

Enclosures - 2

1. **References**
2. Delegations of Authority

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 17, 1982

(f) Title 41, United States Code, Sections 401-419, "The Office of Federal Procurement Policy Act," as amended

(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

(i) DoD Directive 5000.19, "Policies for Management and Control of Information Requirements," March 12, 1976

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DoD Directive 4405.6, July 8, 1986).

2. Exercise responsibilities of the Secretary of Defense under P.L. 93-155, Defense Industrial Reserve Act of 1973 (50 U.S.C. 451 et. seq.) to provide a comprehensive and continuous program for the future safety and defense of the United States by providing adequate measures whereby an essential nucleus of Government-owned plants and industrial plant equipment is maintained to meet the needs of the Armed Forces in time of a national emergency or in anticipation thereof.

3. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804--an act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

4. Make Secretarial determinations, justifications, and approvals on behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under Title 10, United States Code, with the authority to redelegate to the Directors of those agencies, as appropriate.

5. Act for the Secretary of Defense to establish and administer an Industrial Preparedness Program to comply with E.O. 11490, Section 401, paragraphs (7), (9), (12), and (13), October 18, 1969, as amended, and Defense Mobilization Order VII-7 (Revised), in accordance with DoD Directive 4005.1, November 26, 1985.

6. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

7. Act as the DoD Procurement Executive, making determinations and decisions with respect to production end item purchases, contracts, leases, and sales agreements and taking other appropriate actions in the maintenance and monitoring of DoD procurement systems pursuant to E.O. 12352, Federal Procurement Reforms, March 17, 1982.

8. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain countries, pursuant to Title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 et. seq.), and E.O. 12260, July 26, 1979.

9. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DoD Directive 4160.21, December 5, 1980.

10. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DoD Directive 4160.25, April 30, 1984.

11. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950, (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army.

12. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 3, 1953, as amended by E.O. 12038, February 3, 1978.

13. Establish uniform policies and procedures relating to cataloging and standardization of equipment and supplies under Title 10, United States Code, Chapter 145, and other statutes.

14. Implement the agreement between the General Services Administration and the Department of Defense on supply management relationships under the national supply system (DoD Directive 5030.47, May 27, 1971).

15. Act for the Secretary of Defense in the establishment and administration of policy and guidance governing emergency requirements, allocations, priorities, and permits for the use of civil transportation within the continental United States (DoD Directive 3005.7, May 30, 1985).

16. Act for the Secretary of Defense in establishing policies and providing guidance to DoD Components concerning the efficient and effective use of DoD and commercial transportation resources and the establishment and operation of Transportation Single Manager Agencies (DoD Directive 4500.9, June 2, 1976).

17. Act for the Secretary of Defense regarding DoD participation in, or initiation of, proceedings before transportation regulatory bodies (DoD Instruction 4500.17, January 16, 1969).

18. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DoD Directive 5126.9, June 18, 1979).

19. Act for the Secretary of Defense as the DoD claimant to other designated Executive Departments and Agencies for petroleum requirements and allocations in an emergency (DoD Directive 4140.25, May 15, 1980).

20. Exercise all responsibilities and authority of the Secretary of Defense under Title 10, United States Code, Section 2404 with respect to the acquisition of petroleum.

21. Act for the Secretary of Defense in managing the Competition Advocate Program throughout the Department of Defense (P.L. 98-191, The Office of Federal

Procurement Policy Act as amended by P.L. 98-369, The Competition in Contracting Act).

22. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

23. Make the determination required by Title 50, United States Code, Section 1512(1), concerning transportation or testing of any lethal chemical or any biological warfare agent.

24. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by Title 50, United States Code, Section 1511.

25. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal Advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by Section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

26. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

27. Act for the Secretary of Defense to make appropriate supporting determinations and execute leases under Title 10, United States Code, Section 2667.

28. Act for the Secretary of Defense in the implementation of OMB Circular A-76, "Performance of Commercial Activities," as revised, August 4, 1983.

29. Pursuant to pertinent provisions of Title 10, United States Code, establish and grant waivers to uniform policies and procedures, and review and approve programs and specific projects of DoD Components relating to the design, acquisition, construction, operation, maintenance, and disposal of DoD facilities, and the protection of the natural environment in and around DoD facilities.

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

SECRETARY OF THE ARMY
WASHINGTON

29 January 1987

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Draft Department of Defense Directive for the Under Secretary of Defense for Acquisition -- INFORMATION MEMORANDUM

I have reviewed the draft Department of Defense Directive for the Under Secrtary of Defense for Acquisition and am concerned primarily with paragraphs E.3 and E.5 which alter the Army's traditional role of managing acquisition programs and seriously undermine a Service Secretary's ability to execute his statutory responsibilities for acquisition.

It is my view that the authority contained in paragraph E.2 makes unnecessary paragraphs E.3 and E.5. In paragraph E.2 the Under Secretary of Defense for Acquisition has sufficient authority to supervise the entire Department of Defense acquisition process while recognizing the Service Secretary's role in acquisition and placing ultimate acquisition accountability and responsibility at the appropriate level - with the Service Secretary. Consequently, I recommend that paragraphs E.3 and E.5 be deleted from the draft directive.

Additionally, "Functions" listed in paragraph D are much broader than any previously considered or disclosed definition of acquisition-related functions. I would particularly call to your attention obvious questionable and undefined reaches beyond the usual understanding of the "acquisition" process such as the transportation, energy and warehousing aspects of logistics, force modernization, environmental services and installation management. While there are acquisition-related activities to each of these categories, they involve much more than acquisition. If a limiter, such as "activities related to acquisition" is intended, it should be pointed out. I do not believe it is feasible or desirable to encompass such a large fraction of the Army's activities under the single aspect of "acquisition."

Finally, I feel the role of the Under Secretary of Defense for Acquisition vis-a-vis the Service Secretaries in installation management needs further clarification. Installation management is a function in which the Office of the Secretary of Defense has traditionally exercised a policy and oversight role and delegated management responsibilities to the Services. The National Defense Authorization Act does not change this relationship or assign any specific statutory responsibility for installation management to the Under Secretary of Defense for Acquisition.

John O. Marsh, Jr.

THE SECRETARY OF THE NAVY
WASHINGTON, D. C. 20350

27 January 1987

MEMORANDUM FOR THE Cap ~~SECRETARY OF~~ DEFENSE

Subject: DRAFT DOD(I)/UNDERSECRETARY OF DEFENSE (ACQUISITION)

This draft steps away from the principles of decentralized program execution and program accountability that you have espoused.

Section E. defines Authorities and Relationships and gives power for the USD(A) to bypass the Service Secretaries by issuing program execution instructions to the Service Acquisition Executives (SAE). This relationship is reinforced in a subsequent paragraph allowing the USD(A) the authority to determine the function of the SAE and the subordinate organizational structure. Under this approach, Service Secretaries would no longer have the accountability you have demanded and which I totally support. Further diffusion would occur by requiring contentious issues to be put before the USD(A) twice before coming to you or DEPSECDEF for resolution.

These are all steps backward. Attached is my proposed revision which maintains the accountability you have expressed while promoting centralized policy control under the USD(A).

John

John Lehman

2. The USD(A) shall direct the Secretaries of the Military Departments and heads of other DoD organizations on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The USD(A) shall have direct line authority over the ~~Service Acquisition Executives (SAEs) and~~ Directors of Defense Agencies and DoD Field Activities on matters described in subsection E.2., above. ~~The USD(A) shall keep the Secretaries of the Military Departments informed of activities involving the SAEs.~~

4. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components.

The Secretaries of the Military Departments

5. ~~The USD(A)~~ shall determine the functions and responsibilities to be assigned to the SAEs, as well as the subordinate organizational structure to be established under those officials.

6. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, ~~the latter officials shall reclama to the USD(A). If they are still unable to agree,~~ the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution.

7. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330

OFFICE OF THE SECRETARY

JAN 29 1987

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: DoD Directive, Subject: Under Secretary of Defense (Acquisition) - INFORMATION MEMORANDUM

I have reviewed the draft Directive defining the functions, responsibilities, relationships and authorities of the USD(A) and have fundamental concerns in three areas: the breadth of his responsibility, the relationship between the USD(A), the Service Secretary and the Service Acquisition Executive (SAE), and his role in defining the Service's acquisition organization.

Secretary Weinberger's memorandum of 30 Sep 86 described the responsibility of the USD(A) as relating to the DoD acquisition system. I believe the draft Directive extends beyond the intent of this charter in its reference to such functions as Service requirements and priorities, installation management and construction.

The FY 87 Authorization Act clearly establishes the precedence of the USD(A) and his authority to direct the Secretaries with regard to acquisition matters. While I expect full and open communication between the USD(A) and my acquisition executive, his exercise of "direct line authority" over my SAE is an extension of the precedence relationship which I can not accept.

My memoranda of December 5 and December 11, 1986, stated that appointing the SAE, defining his functions and responsibilities and structuring the Air Force acquisition organization are clearly within my authority. I understand Mr. Godwin's interest in organizational commonality and will take into account the functions and structure of the USD(A), but must organize the Air Force to effectively and efficiently accomplish our acquisition mission and satisfy our unique needs.

I look forward to an opportunity to discuss these issues with you.

E. C. Aldridge, Jr.
Secretary of the Air Force

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
WASHINGTON D C 20301

29 JAN 1987

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE

SUBJECT: Charter - Under Secretary of Defense (Acquisition)

This is in response to your request for comments on the proposed DoD Directive that would serve as the charter for the Under Secretary of Defense (Acquisition) (USD(A)).

Paragraph C.1.e. of the directive that authorizes the USD(A) to "establish policy and provide guidance concerning the auditing of defense contractors" may result in a conflict with the statutory responsibilities of the Inspector General. Section 4(a)(1) of the Inspector General Act empowers the Inspector General "to provide policy direction for and to conduct, supervise, and coordinate audits...." Section 8 of the Act amplifies on this authority as it applies to the Department of Defense Inspector General. Section 133(d)(3) of title 10, United States Code, the provision that establishes and assigns duties to the USD(A), states that "nothing in this subsection shall affect the authority of the Inspector General of the Department of Defense to establish audit policy...and otherwise carry out the functions of the Inspector General under that Act." The conference report for the National Defense Authorization Act for 1987, that enacted section 133, explains that this was a compromise by which the House and Senate Armed Services Committees decided to maintain responsibility for audit policy as it is under the existing law, but they agreed that the Inspector General, in conjunction with the USD(A), will coordinate audit and oversight of contractor activities to prevent duplication of effort. To assure consistency with the statute, I recommend that paragraph C.1.e. be revised to read, "In conjunction with the Inspector General, coordinate audit of contractor activities to prevent duplication of effort within the Department."

Paragraphs E.3 and E.5. of the directive give the USD(A) direct line authority over the Service Acquisition Executives and the authority to determine the functions and responsibilities to be assigned to these individuals and the subordinate organizational structure to be established under them. The effect of these two paragraphs is to give the USD(A) authority to exercise directional control below the Service Secretary level and without regard to the Service Secretaries. I believe that this arrangement will be difficult to defend under the current statutory scheme. The concept that directions will be to the Service Secretaries rather than their staffs accords with the three statutes that establish the Secretaries of the Army, Navy, and

Air Force (10 U.S.C. §§ 3012, 5031, and 8012, respectively) as the heads of their departments, and in the case of the Army and Air Force with express responsibility for and authority to conduct all affairs of their departments. Consistent with this statutory scheme, section 133 of title 10 authorizes the USD(A) "to direct the Secretaries of the Military Departments and heads of all other elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility."

The Office of Federal Procurement Policy Act also bears on this question. It directs the head of each executive agency, which by definition includes the Army, Navy, and Air Force, to "establish clear lines of authority, accountability, and responsibility for procurement decisionmaking within the executive agency..." and to "designate a senior procurement executive who shall be responsible for management direction of the procurement system of the executive agency...." It could be argued that giving the USD(A) line authority over subordinates of the Service Secretary interferes with these lines of authority, accountability, and responsibility. Of course, the Service Secretaries could designate themselves the acquisition executive and reserve to themselves any authority that might otherwise be the subject of direction by the USD(A).

Attached are additional specific line-in, line-out comments and the rationale. These generally are of a mechanical nature and should not cause any controversy. I believe that it is particularly important that the delegations be expanded as indicated to include a general statement at the beginning. This will resolve the recurring authority problem that arises because these lists can never be complete.

H. Lawrence Garrett, III

Attachment

RECOMMENDED CHANGES TO DRAFT DOD DIRECTIVE UNDER SECRETARY OF DEFENSE (ACQUISITION)

Change: Para. C.1.d. - delete "administrative oversight of defense contractors" and substitute "oversight of the execution and administration of defense contracts."
Reason: Oversight is exercised over the contracts, not the contractors. Further, while the USD(A) will establish policy in this area, it is unlikely his office has the resources to exercise oversight over individual contracts or contractors.

Change: Para. E.2. - delete "shall direct" and substitute "is authorized to direct".
Reason: This paragraph should be a permissive grant of authority. A requirement that directions be given does not work in this context.

Change: Para. E.2. - delete "organizations" and substitute "components".
Reason: Components is the established term and is defined at paragraph B of the directive.

Change: Para. E.4. - delete first sentence and substitute "Make recommendations to the Secretary and Deputy Secretary on acquisition milestones and resource matters."
Reason: The first sentence is phrased as an unnecessary direction from the Secretary and Deputy Secretary to themselves, and it would seem to limit their source of such recommendations to the USD(A).

Change: Para. E.4. - delete the last sentence.
Reason: I do not understand what is intended by this statement.

Change: Para. E.6. - delete "the latter officials shall reclama to the USD(A). If they are still unable to agree,".
Reason: A second appeal by a Secretary of a Military Department to the official with whom he disagrees would seem to add nothing to resolution of the problem.

Change: Para. E.7.a. - delete "activities reporting directly to that official. These include".
Reason: A listing of subordinate officials at this level should be complete to avoid ambiguity and disagreement.

Change: Para E.7.b. - delete "to" and substitute "for utilization of".
Reason: ECAC is a contract operation. Technical guidance to the contractor, as distinguished from specific tasks in the contract, is inappropriate.

Change: Para E.7.c. - insert "utilization of the" before "Federally Funded Research and Development Centers."
Reason: FFRDC's are contractors. Direction as is specified here must be provided to DoD officials responsible for the contracts and through the contracts.

Change: E.9. - delete "Other OSD and DoD officials" and substitute "Heads of DoD Components".
Reason: The latter is the established, defined term.

Change: Delegations of Authority, opening paragraph, add at the end thereof, before the colon - "exercise, within his assigned responsibilities and functional areas, all authority of the Secretary of Defense derived from statute, executive order, and interagency agreement, except where specifically limited by statute or executive order to the Secretary of Defense, to include but not limited to:".
Reason: Avoids the need to list all statutes and executive orders, and the difficulties that result from the unavoidable omissions from that list.

Change: Delegations of Authority, delete delegations numbered 2,5,7,13-17,21,29.
Reason: Encompassed by general delegation set forth above.

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON D C 20301-1800

DIRECTOR
PROGRAM ANALYSIS
AND EVALUATION

January 29, 1987

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (ADMINISTRATION)

SUBJECT: Proposed USD(A) Directive

Joe —

Thank you for the opportunity of commenting on the proposed USD(A) directive. I apologize for the delay in furnishing these comments to you.

I strongly recommend that five elements of the draft be amended, to make them consistent with the approach that the Secretary and Deputy Secretary of Defense have taken to the management of resource issues within the Department of Defense. These five elements are described below, followed by discussion of a more general concern that I have.

Five Elements for Which Changes are Recommended

Page 3, Section C.1.h: "Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and provide approval authority for memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters."

- The responsibility to "provide approval authority for MOAs and MOUs, etc." is new; it was not in the USDR&E directive (DoD Directive 5129.1, November 19, 1985). This could be misread as giving the USD(A) authority to negotiate agreements with other nations that should be the prerogative of the Secretary/Deputy Secretary of Defense. The extent of USD(A) authority should be clarified.

Page 3, Section C.2.a: "Direct planning and special studies to analyze and evaluate the technical, economic and military worth of programs in the acquisition system."

- This is a new responsibility, not in the USDR&E directive. It overlaps responsibilities for analysis and evaluation of program alternatives, particularly as they concern "economic and military worth," now assigned to PA&E. At a minimum, I would delete "economic and military worth"; since conducting studies in assigned areas of responsibility is implicit in every office's responsibilities, you could also just delete the entirety of Section C.2.a.

Page 4, Section C.2.g: "In conjunction with the Assistant Secretary of Defense (Comptroller), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs."

- This responsibility is essentially unchanged from that given to USDR&E in DoD Directive 5129.1, but it ignores the Defense Resources Board process that has since been established. This is now a collective responsibility, with the Secretary and Deputy Secretary making the decisions. Sufficient authority is provided by Section C.2.b. I would therefore delete Section C.2.g. If you nonetheless decide to retain it, I would strongly urge that you add D(PA&E) to ASD(C) as a coordinate party; this ensures participation by at least the two "resource-oriented" DRB Executive Secretaries.

Page 6, Section E.4: "The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions."

- As written, this statement might preclude the Secretary/Deputy Secretary having the benefit of the views and recommendations of other JRMB (Defense Acquisition Board) principals on issues involving milestone decisions. I strongly recommend that it be revised to read: "The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the Defense Acquisition Board (DAB). Recommendations forwarded from the DAB should include any minority views. The USD(A) shall prepare, in coordination with Defense Acquisition Board principals, the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions."

(No Page): There is no mention of special access and compartmented programs in the draft USD(A) directive. This was one of the functional areas assigned to USDR&E in the old directive: "Special access and compartmented programs (except for certain National programs) in coordination with the USD(P) and the ASD(C^3I)." (Page 3, Section D.7 in DoD Directive 5129.1.) This responsibility needs to be included; but the wording should make clear that functional responsibility is for acquisition special access programs. (This will eliminate the need for coordination with USD(P); coordination with ASD(C^3I) is no longer relevant.)

General Concern

In addition, besides these specific concerns, I am troubled that the draft directive attempts in many places to be specific, when it may be better to be general. The specificity may rob the Department of the flexibility it needs to function effectively. At the same time, the draft is not sufficiently specific to resolve all problems. Permit me to offer three examples of what I believe to be overly specific language:

Page 1, Section B.1: It is not necessarily true that "a single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained and disposed of within the Department of Defense" is a good idea. It may be a matter of wording, but there are differences among major and other acquisitions, equipment and facilities management, etc., that make uniformity seem overly restrictive.

Page 2, Section C.1.E: This section has the USD(A) establishing policy and providing guidance concerning the auditing of defense contractors. Similarly, on Page 3, Section C.1.g. has the USD(A) prescribing policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD. Unless we are prepared to move DCAA to USD(A) (which the directive does not do) why muddy the lines of authority in this way?

Page 6, Section E-6: "Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the latter officials shall reclama to the USD(A). If they still are unable to agree, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution". Surely this is obvious and therefore unnecessary!

David S. C. Chu
Director, Program Analysis and Evaluation

DoD DIRECTIVES SYSTEM COORDINATION AND CONTROL RECORD

1 TYPE OF ISSUANCE: DoD Directive
2. ISSUANCE NO:
3 SUBJECT: Under Secretary of Defense (Acquisition)
4a FROM:
5a SIGNATURE OF ACTION OFFICER: Arthur H Ehlers
b TYPED NAME (Last, First, MI): Cooke, David O.
b TYPED NAME (Last, First, MI): Ehlers, Arthur H.
c TITLE: Deputy Assistant Secretary of Def (Admin)
c OFFICE SYMBOL: OMP-OASD(Compt)
d TELEPHONE NO: x54278
e ROOM NO: 3A326

6 PURPOSE REMARKS

The Deputy Secretary of Defense has directed that comments be received by January 29, 1987. No extensions will be granted.

SECURITY CLASSIFICATION (See DoD Regulation 5200.1-R)
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLASSIFIED
☐ OTHER (Specify)

8 THE DOCUMENT WILL BE PUBLISHED AS A RULEMAKING DOCUMENT IN THE FEDERAL REGISTER (See DoD Directive 5400.9)
☒ YES ☐ NO

7. DATE FORWARDED (YYMMDD): 87-01-22
8 RETURN DATE (YYMMDD): 87-01-29

9 TO ADDRESSEES LISTED BELOW: The attached draft is forwarded for review and comment.

a. If the draft as written is approved, please indicate concurrence by signing and dating the appropriate space below. (Signature level must comply with subsections D.2. and 3., Chapter 2, DoD 5025.1-M.)

b. If changes are recommended, please attach a separate memorandum covering the recommendations and so indicate in the appropriate space below.

X	UNDER SEC DEF FOR POLICY	X	SECRETARY OF THE ARMY
X	UNDER SEC DEF FOR Acquisition	X	SECRETARY OF THE NAVY
	ASST. SEC DEF (Acquisition and Logistics)	X	SECRETARY OF THE AIR FORCE
	ASST. SEC DEF (Command, Control, Communications, and Intelligence)	X	CHAIRMAN, JOINT CHIEFS OF STAFF
X	ASST. SEC DEF (Comptroller)		DIRECTOR, DEFENSE ADVANCED RESEARCH AND PROJECTS AGENCY
X	ASST. SEC DEF (Force Management and Personnel)		DIRECTOR, DEFENSE AUDIOVISUAL AGENCY
X	ASST. SEC DEF (Health Affairs)		DIRECTOR, DEFENSE COMMUNICATIONS AGENCY
X	ASST. SEC DEF (Legislative Affairs)		DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
X	ASST. SEC DEF (Public Affairs)		DIRECTOR, DEFENSE INTELLIGENCE AGENCY
	ASST. SEC DEF (Research and Technology)		DIRECTOR, DEFENSE INVESTIGATIVE SERVICE
X	ASST. SEC DEF (Reserve Affairs)		DIRECTOR, DEFENSE LOGISTICS AGENCY
X	GENERAL COUNSEL, DoD		DIRECTOR, DEFENSE MAPPING AGENCY
X	INSPECTOR GENERAL, DoD		DIRECTOR, DEFENSE NUCLEAR AGENCY
	ASST. TO THE SEC DEF (Atomic Energy)		DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY
	ASST. TO THE SEC DEF (Intelligence Oversight)		DIRECTOR, NATIONAL SECURITY AGENCY/CHIEF, CENTRAL SECURITY SERVICE
X	DIRECTOR, OPERATIONAL TEST AND EVALUATION		DIRECTOR, STRATEGIC DEFENSE INITIATIVE ORGANIZATION
X	DIRECTOR, PROGRAM ANALYSIS AND EVALUATION See attached memo dated Jan. 29, 1987		

SD Form 106, AUG 85 Previous editions are obsolete

Department of Defense
DIRECTIVE

NUMBER

SUBJECT: Under Secretary of Defense (Acquisition)

References: (a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
(b) Title 10, United States Code
(c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
(d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
(e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense; Defense Agencies; and DoD Field Activities.

C. RESPONSIBILITIES

The Under Secretary of Defense for Acquisition (USD(A)) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the acquisition system; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement.

1. The USD(A) shall:

a. Serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. Develop policy for acquisition plans and strategies, validate program acquisition requirements, and develop acquisition program guidance;

c. Set policy for acquisition matters, including contracting, research and development, production, construction, logistics, developmental testing, procurement and training and career development of acquisition personnel;

d. Set policy for administrative oversight of defense contractors;

e. Establish policy and provide guidance concerning the auditing of defense contractors;

f. Serve as the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (E.O.) 12352 (reference (e)) and 41 U.S.C. 401-419 (reference (f));

g. Prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD;

h. Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and provide approval authority for memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters; and

i. Chair the Defense Acquisition Board (DAB) assisted by an integrated structure of councils and committees which relate to the acquisition process.

2. For each assigned area, the USD(A) shall:

a. Direct planning and special studies to analyze and evaluate the technical, economic and military worth of programs in the acquisition system;

b. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs;

EVEN THOUGH THE HEADING FOR THIS SECTION PROVIDES SOME DEFINITION, ACTUAL LANGUAGE DESCRIBING THE TA SHOULD BE MORE PRECISE IN ORDER T AVOID [illegible] POTENTIAL PROBLEM [illegible]

c. Develop systems and standards for the administration and management of approved DoD acquisition plans and programs;

d. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives, and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization, consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States and its allies;

e. Review and evaluate recommendations on requirements and priorities;

f. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance;

g. In conjunction with the Assistant Secretary of Defense (Comptroller) (ASD(C)), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs;

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities;

i. Promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside the Department of Defense;

j. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense;

k. Develop and maintain information management and reporting systems; and

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Developmental test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, logistics support, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the North Atlantic Treaty Organization (NATO) Infrastructure program.

E. AUTHORITIES AND RELATIONSHIPS

1. The USD(A) shall take precedence in the DoD on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

2. The USD(A) shall direct the Secretaries of the Military Departments and heads of other DoD organizations on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The USD(A) shall have direct line authority over the Service Acquisition Executives (SAEs) and Directors of Defense Agencies and DoD Field Activities on matters described in subsection E.2., above. The USD(A) shall keep the Secretaries of the Military Departments informed of activities involving the SAEs.

4. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components.

5. The USD(A) shall determine the functions and responsibilities to be assigned to the SAEs, as well as the subordinate organizational structure to be established under those officials.

6. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the latter officials shall reclama to the USD(A). If they are still unable to agree, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution.

7. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

(4) Acquisition-related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) The Assistant to the Secretary of Defense (Atomic Energy);

(6) The Director of Small and Disadvantaged Business Utilization; and

(7) The Defense Advanced Research Projects Agency; the Defense Communications Agency; the Defense Logistics Agency; the Defense Mapping Agency; the Defense Nuclear Agency; the Joint Tactical Command, Control, and Communications Agency; and the Defense Systems Management College.

b. Provide technical guidance to the Electromagnetic Compatibility Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and Federally Funded Research and Development Centers (FFRDCs).

d. Use existing facilities and services of the Department of Defense and other Federal agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

8. The USD(A) shall also:

a. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to Unified and Specified Commands shall be issued through the Chairman of the Joint Chiefs of Staff (CJCS).

b. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

c. Communicate directly with the heads of DoD Components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the CJCS.

d. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

e. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

f. Coordinate and exchange information with other OSD and DoD officials exercising collateral or related responsibilities.

g. Exercise the delegations of authority contained in enclosure 2 to this Directive.

9. Other OSD and DoD officials shall coordinate with the USD(A) on all matters related to authorities, responsibilities, and functions assigned in this Directive.

F. EFFECTIVE DATE

This Directive is effective immediately.

Enclosures - 2
1. References
2. Delegations of Authority

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 17, 1982

(f) Title 41, United States Code, Sections 401-419, "The Office of Federal Procurement Policy Act," as amended

(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

(i) DoD Directive 5000.19, "Policies for Management and Control of Information Requirements," March 12, 1976

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON D.C. 20301

HEALTH AFFAIRS

2[illegible]

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
(ADMINISTRATION)

SUBJECT: Proposed DoD Directive, Under Secretary of Defense (Acquisition)

I concur with the proposed directive outlining the responsibilities, functions, relationships, and authorities for the Under Secretary of Defense (Acquisition).

The role prescribed within the proposed directive assigns the USD(A) the responsibility for management of the entire DoD acquisition system. That charter should in no way diminish the responsibilities of the Assistant Secretary of Defense for Health Affairs as the program manager for all DoD health and medical resources, including the military medical construction program.

William Mayer, M.D.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

RESERVE AFFAIRS

January 29, 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (ADMINISTRATION)

SUBJECT: Proposed DoDD "Under Secretary of Defense (Acquisition)"

We have reviewed the draft directive. It is specific concerning the control exercised by the Under Secretary of Defense (Acquisition) (USD(A)) with respect to many DoD activities, but it is not specific with respect to the Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)). Paragraph E.2. states that the USD(A) may direct other DoD organizations with respect to acquisition. Paragraph E.8.f. states that the USD(A) will coordinate and exchange information with OSD officials exercising collateral or related responsibilities. Neither of these paragraphs specifically mentions the ASD(RA).

DoDD 5125.1, "Assistant Secretary of Defense (Reserve Affairs)", assigns responsibility to the ASD(RA) for policy and management oversight regarding reserve component construction, installations, facilities, weapons systems, equipment, and material. The proposed directive needs to clearly recognize the ASD(RA) responsibilities already established under DoDD 5125.1.

Request you revise the subject DoDD to clarify the relationship between the ASD(RA) and the USD(A) regarding acquisition of equipment and facilities.

Dennis R. Shaw
Dennis R. Shaw
Principal Deputy Assistant Secretary

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D C 20301

OPERATIONAL TEST
AND EVALUATION

2 9 JAN 1987

Doc

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(ADMINISTRATION)

SUBJECT: Draft Under Secretary of Defense for Acquisition
(USD(A)) Charter Directive

We have reviewed the subject draft directive and recommend that its promulgation be held in abeyance pending formalization of a decision to consolidate all OSD-level test and evaluation oversight responsibilities in this office. Such a consolidation would require modification of the draft directive's provisions regarding the USD(A)'s responsibilities and functions with respect to developmental testing (paragraphs C1c and D10).

KARL T. PFLOCK
Deputy

g. Prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD;

h. Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and provide approval authority for memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters; and

i. Chair the Defense Acquisition Board (DAB) assisted by an integrated structure of councils and committees which relate to the acquisition process.

2. For each assigned area, the USD(A) shall:

a. Direct planning and special studies to analyze and evaluate the technical, economic and military worth of programs in the acquisition system;

b. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs;

c. Develop systems and standards for the administration and management of approved DoD acquisition plans and programs;

d. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives, and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization, consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States and its allies;

e. Review and evaluate recommendations on requirements and priorities;

f. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance;

g. In conjunction with the Assistant Secretary of Defense (Comptroller) (ASD(C)), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs;

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities;

i. Promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside the Department of Defense;

j. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense;

k. Develop and maintain information management and reporting systems; and

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Developmental test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of ~~the~~ Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, logistics support, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the North Atlantic Treaty Organization (NATO) Infrastructure program.

E. AUTHORITIES AND RELATIONSHIPS

1. The USD(A) shall take precedence in the DoD on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

2. The USD(A) shall direct the Secretaries of the Military Departments and heads of other DoD organizations on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The USD(A) shall have direct line authority over the Service Acquisition Executives (SAEs) and Directors of Defense Agencies and DoD Field Activities on matters described in subsection E.2., above. The USD(A) shall keep the Secretaries of the Military Departments informed of activities involving the SAEs.

4. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation which reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components.

5. The USD(A) shall determine the functions and responsibilities to be assigned to the SAEs, as well as the subordinate organizational structure to be established under those officials.

6. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the latter officials shall reclama to the USD(A). If they are still unable to agree, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution.

7. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

a. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to Unified and Specified Commands shall be issued through the Chairman of the Joint Chiefs of Staff (CJCS).

b. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

c. Communicate directly with the heads of DoD Components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the CJCS.

d. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

e. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

f. Coordinate and exchange information with other OSD and DoD officials exercising collateral or related responsibilities.

g. Exercise the delegations of authority contained in enclosure 2 to this Directive.

9. Other OSD and DoD officials shall coordinate with the USD(A) on all matters related to authorities, responsibilities, and functions assigned in this Directive.

??

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

JAN 29 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (ADMINISTRATION), OASD(C)

SUBJECT: Proposed Department of Defense Directive, "Under Secretary of Defense (Acquisition)"

This office strongly nonconcurs with the proposed Directive. Two of our objections address provisions contrary to the Inspector General, Department of Defense, enabling legislation and infringe upon our statutory responsibilities. The third objection addresses the intent of the Directive which gives the Under Secretary of Defense (Acquisition), USD(A), direct line authority over Directors of Defense Agencies on matters of acquisition systems and processes. We also suggest minor changes to the Directive.

First, Paragraph C.1.e. provides that the USD(A) shall: "Establish policy and provide guidance concerning the auditing of defense contractors."

The Inspector General Act of 1978, as amended, gave this responsibility to the Inspector General, Department of Defense. Moreover, Section 133 of Title 10, United States Code, as amended by Section 901 of the National Defense Authorization Act for Fiscal Year 1987, provides that:

"(d)(3) Nothing in this subsection shall affect the authority of the Inspector General of the Department of Defense to establish audit policy for the Department of Defense under the Inspector General Act of 1978 and otherwise to carry out the functions of the Inspector General under that Act."

Second, Paragraph C.1.g. provides that the USD(A) shall "Prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD."

This is taken verbatim from the amendments to Section 133, cited above. But it fails to include another related statutory requirement. That is, Subsection 133(d)(2) provides that the "Under Secretary shall consult with the Inspector General of the Department of Defense" in carrying out these specific policy responsibilities. This should be reflected in the subject Directive. If not included, the Inspector General will be hindered in ensuring that balanced and objective policies are provided and that his statutory responsibilities for audit are not infringed upon.

Third, we are also concerned as to the intent of Subsection E.3., which provides that the USD(A) "shall have direct line authority over the Service Acquisition Executives (SAEs), and Directors of Defense Agencies and Department of Defense Field Activities on matters prescribed in Subsection E.2., above." Subsection E.2. covers acquisition systems and processes. The word "processes" could be broadly interpreted to include "contract auditing." If so, then the Defense Contract Audit Agency would be under the authority and control of the USD(A). We strongly object to the possibility of a reassignment of the Defense Contract Audit Agency from the Assistant Secretary of Defense (Comptroller). To avoid any misunderstandings on this matter, Subsection E.3. should be revised to exclude the Defense Contract Audit Agency or the terms "acquisition systems and processes" should be defined to exclude "contract auditing."

Further, the complete Directive was not made available for review. Enclosure 2, Delegations of Authority, is being reviewed by the General Counsel but was not provided to other Department of Defense components.

Finally, we suggest the following improvements to the Directive:

o The references cited as being applicable to the USD(A) on Page 1 and Page 1-1 need to be expanded to include all Directives and Instructions with responsibilities previously assigned the Under Secretary of Defense for Research and Engineering. For example DoD Directive 3200.12, "DoD Scientific and Technical Information Program," February 15, 1983, and DoD Instruction 3204.1, "Independent Research and Development," December 1, 1983 need to be included as references.

o Section D.14, Installation Management, should be expanded to include Real Property Maintenance Activities as this function is an integral and costly part of installation management.

I consider the first two objections addressed in this memorandum to be a serious infringement on the statutory responsibilities of the Inspector General, Department of Defense. I request the opportunity to review the final draft before the Directive is sent to the Secretary for signature, in accordance with my responsibilities to review proposed DoD regulations under Section 4(a)(2) of the 1978 Inspector General Act.

If you have any questions regarding the comments, please contact me or Mr. James Curry, 693-0003.

Derek J Vander Schaaf

Derek J. Vander Schaaf
Deputy Inspector General

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON DC 20301

COMPTROLLER

2 0 JAN 1987

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(ADMINSTRATION)

SUBJECT: DoD Directive on Undersecretary of Defense
(Acquisition)

As requested, the proposed directive on the charter for the UnderSecretary of Defense (Acqusition) has been reviewed. The following comments and revisions should be made to the directive

(1) Reference: Page 1, Subparagraph C.1.e.

Proposed Revision:

Delete in its entirety subparagraph C.1.e which states the USD(A) shall establish policy and provide guidance concerning the auditing of defense contractors.

Reason for Change:

Stated function is inconsistent with existing law. Also, it is important to note the Secretary of Defense position during formulation of the legislation specifying USD(A) responsibility for audit policy. At that time the Senate version of the bill assigned contract audit responsibilities to the Under Secretary of Defense for Acquisition. However, the House did not specifically address this issue, allowing the Secretary of Defense to determine the duties and powers of the Under Secretary of Defense for acquisition. In his appeal to the Conference the Secretary of Defense stated in part: "Responsibility for contract audit policy, which involves the development of audit standards, principles, and procedures is currently assigned to the DoD Inspector General by P.L. 95-452. This arrangement preserves independence and objectivity in auditing defense contractors and ensures that audits will be conducted in accordance with professional auditing standards. It facilitates the checks and balances of an independent audit authority within the DoD procurement system. The House version gives the Secretary of Defense the flexibility needed to ensure that the appropriate relationships among cognizant officials within the department are maintained."

The legislation that resulted did not leave this flexibility to the Secretary of Defense but was more specific.

The FY 1987 DoD Authorization Act, which amended the Goldwater-Nichols DoD Reorganization Act of 1986, stated the audit policy function is to be carried out by the DoD Inspector General. Section 901 of the Act revised 10 U.S.C., Section 133(d)(3) to read in part: "Nothing in this subsection shall affect the authority of the Inspector General of the Department of Defense to establish audit policy for the Department of Defense ..."

(2) Reference: Page 3, Subparagraph C.1.g

Proposed Revision:

Renumber subparagraph C.1.g to C.1.f and add the following as a prefix to the sentence: "In consultation with the DoD Inspector General," The subparagraph in revised form should state: "In consultation with the DoD IG, prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD."

Reason for Change:

To fully state the related responsibility of the IG as stated in the law (10 U.S.C. Section 133(d)(2)).

(3) Reference: Page 4 Subparagraph C.2.k

Proposed Revision:

Delete in its entirety subparagraph C.2.k stating the USD(A) shall develop and maintain information management and reporting systems.

Reason for Change:

To remove redundancy and standardize to DODI format. Subsection E.8.b already states authority regarding reports and information. E.8.b states the USD(A) shall "obtain reports, information, advice, and assistance, consistent with DODD 5000.19 (reference (i)), as necessary in carrying out assigned functions." DODD 5000.19 insures reporting and information requirements are established following existing criteria that avoid duplication and unnecessary reporting.

(4) Reference: Page 6, Subparagraph E.3

Proposed Revision:

Add after the words Directors of the Defense Agencies the following: "identified in subsection E.7.a(7) below"

Reason for Change:

Clarifies which of the Defense Agencies are under the direct line authority of the USD(A).

Robert W. Helm

Robert W Helm
Assistant Secretary of Defense
(Comptroller)

Tab B

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

COMPTROLLER
(Administration)

2 JAN 1987

MEMORANDUM FOR SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

SUBJECT: USD(Acquisition)--INFORMATION MEMORANDUM

For the past several months we have been working to describe exactly what functions, responsibilities, and authorities should be assigned to the USD(A). During this period, a number of approaches have been taken to accomplish this objective, i.e., several versions of a USD(A) charter have been drafted; organization charts have been prepared; and memoranda containing proposed functions and responsibilities have been developed. Although these efforts have been successful to a degree, some basic issues remain. It is important that decisions be made soon with respect to what it is the USD(A) should be assigned so that he can continue to move ahead with his charge to streamline and improve the DoD acquisition system.

The basic source documents involving the establishment of the USD(A) do not provide specific guidance as to the firm parameters of USD(A) responsibilities. The Packard Commission recommended establishment of a USD(A) with responsibility to serve as the Defense Acquisition Executive and "supervise the performance of the entire acquisition system and set overall policy for R&D procurement, logistics, and testing." It also recommended that each Military Department establish a Service Acquisition Executive who would be responsible for administering Service acquisition programs under the policy guidance of the Defense Acquisition Executive. The Commission, however, did not make specific recommendations regarding the degree to which the USD(A) would supervise the Service Secretaries and SAEs. To the contrary, the Commission's report stated that:

> "The Commission considered recommendations to consolidate all defense acquisition activities under the Defense Acquisition Executive, but concluded that such centralization would not serve the cause of reducing the bureaucracy, because it would tend to separate further the acquisition staff from the military user. We believe that it is important to maintain the Services' traditional role in managing new weapon programs."

NSDD 219, by which the President implemented the Packard Commission recommendations, directed establishment of a USD(A). The NSDD provides that the USD(A) will serve as the Defense Acquisition Executive, set policy for procurement and research and development, supervise the performance of the Defense acquisition system, provide policy for administrative oversight of Defense contractors, and develop guidance concerning auditing of Defense contractors. The NSDD also required that the Service Secretaries establish SAE positions. The NSDD does not contain specific guidance concerning the directive authority of the USD(A) or his authorities regarding the control of acquisition programs and resources. 'up to Secretary'

The FY 1987 DoD Authorization Act requires establishment of the USD(A) with responsibility to:

> "perform such duties and exercise such powers relating to acquisition as the Secretary of Defense may prescribe, including--
>
> "(1) supervising Department of Defense acquisition;
>
> "(2) establishing policies for acquisition (including procurement, research and development, logistics, developmental testing, and contract administration) for all elements of the Department of Defense;
>
> "(3) establishing policies of the Department of Defense for maintenance of the defense industrial base of the United States; and
>
> "(4) the authority to direct the Secretaries of the military departments and the heads of all other elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility."

Although the Act provides that the USD(A) shall have directive authority regarding matters for which he has responsibility, it does not provide additional detail as to the degree of his authority, the functions involved, nor the extent of control over programs and resources intended.

Significantly, none of the above sources attempt to define "acquisition." The closest any of them come is the Packard Commission in its illustrative organization of the OSD acquisition staff (Appendix G, Final Report).

Based on the absence of specific guidance provided by the President and the Congress, we have concluded that the ultimate decision on the nature and scope of functions, responsibilities, and authorities to be delegated to the USD(A) must be made by you. The major issues to be considered, along with the range of alternative resolutions, can be summarized as follows:

Issues	Alternatives
1. What line authority (direction, authority, and control) does the USD(A) have over the Service Secretaries?	- Can direct the Service Secretaries on policy matters involving acquisition programs. - Can direct the Service Secretaries on ~~detailed~~ matters of programs, systems, and resources, as well as policy.
2. What is the relationship of the USD(A) to the SAEs?	- Provides policy direction only--no direct line authority over the SAEs--supervision provided through the Service Secretaries. - Has direct line authority over SAEs, by-passing Service Secretaries, as deemed necessary.
3. To what extent can the USD(A) establish priorities for, and redirect, programs and resources in the Services?	- Milestone decision authority remains with the SecDef/DepSec--PBDs approved by the SecDef/DepSec--USD(A) makes recommendations--once resources are committed to Services, Service Secretaries and SAEs manage. - Milestone decision authority given to the USD(A)--PBDs approved by USD(A)--DRB establishes a "Defense Acquisition Program" over which USD(A) has ~~complete~~ control--program requirements and priorities approved by the USD(A)--USD(A) can change program direction and transfer funds within and among the Services.

Issues	Alternatives
4. What functions and programs are included under acquisition?	- Research and development, developmental test and evaluation, atomic energy, procurement, logistics and materiel management, installations management, military construction, C^3, acquisition-related intelligence, and small and disadvantaged business utilization.
	- Same as above except add reporting on acquisition matters (e.g., SARs and DAEs) currently assigned to ASD(C) ~~and cost analysis currently~~ assigned to DPA&E.
	- Complete Control over all the organizations, dollars, and resources in the "DoD Acquisition Program." See 3 above.
5. What are the roles and authorities of the SAEs?	- In general, the SAEs have cognizance over functions outlined in item 4--specific responsibilities and structure are determined by Service Secretaries.
	- USD(A) determines the appropriate structure for each Service.
	- USD(A) establishes a common structure to be used by all Services.
6. What is the process for resolving disagreements between USD(A) and Service Secretaries?	- Service Secretaries and USD(A) go direct to SecDef/DepSec, separately.
	- Service Secretaries reclama to USD(A) and they go to SecDef/DepSec together, if necessary.

The role of the proposed DAB, and its subordinate boards, will depend to a considerable degree upon the decisions you make on the major issues. In any event, the ASD(C) and Director, PA&E should be represented, just as they now are on the JRMB, even though they are not under the USD(A).

Dick Godwin and I have put considerable time and effort into developing a USD(A) charter and have reached the point where only a few sections remain to be completed. However, they involve the major issues outlined in this memorandum. Essentially, the question to be answered is "Will SecDef/DepSecDef retain decision authority on DoD-wide acquisition plans, programs, and resources, based on recommendations from the USD(A); or will this authority be delegated to the USD(A)?" Once this question is answered, everything else should fall in place.

In the final analysis, I am convinced that, regardless of the degree of delegation which you give to the USD(A), the actual authority eventually exercised by that individual will be determined on a case-by-case basis, as issues on programs and resources surface.

D. O. Cooke
Deputy Assistant Secretary of Defense

Prepared by Mr. A. H. Ehlers

Tab C

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

28 OCT 1986

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Defense Acquisition System Reorganization

Following our last discussion we have been working within the DoD to put an organization into place. This memo is a summary of where we stand and the issues as I see them.

The FY 87 National Defense Authorization Act has addressed issues concerning the management of the acquisition process, following the President's directive and the Packard Commission report. The formal USD(A) directive is in its final drafting stages (Attachment B). All of these instructions describe in various ways what a DoD acquisition system should be. Attachment A is a outline of the acquisition system. In summary, they involve the following areas:

- The Acquisition Organization in the Services;
- The Acquisition Organization within OSD;
- Supporting Acquisition Management Boards;
- Information Systems Data Base.

Acquisition Organization in the Services

I have discussed the Service Acquisition Executive (SAE) with the Service Secretaries and others. Many questions as to timing and specific organizational structure still exist. However, if directed, the Services will establish acquisition executives and organize their acquisition activities under the SAE.

- The SAE should report to the Service Secretary in line and in a functional capacity to the USD(A).
- The SAE should be a member of the new Defense Acquisition Board (DAB) which will replace the JRMB and act as the control board for acquisitions and several subsidiary committees.

The Acquisition Organization within OSD

You will see in the attached organization chart that the OUSD(A) is proposed to be divided into four major groups:

- The System Development group will maintain technical preview of major weapons systems.
- I propose not to designate a DDR&E at this time, due to the present reporting relationships of the Deputy Under Secretaries. I recommend the current DUSD's report to the Principal DUSD(A).
- The Program Operations group will act as acquisition supervisors of committees, information systems and Service acquisition activities.
- A new program analysis and cost evaluation office will be established within this group building upon three people working in this area within DDR&E.
- Procurement and Logistics are to remain as presently established with Bob Costello as the Assistant Secretary of Defense.
- International Affairs is identified as a support group. I propose early consideration to consolidate the number of disparate international program activities spread across OSD. Centralization will serve to obtain a more coherent oversight of these programs and present a uniform position to our allies.

Supporting Acquisition Management Boards.

To exercise supervisory control over the acquisition system, I propose the establishment of a Defense Acquisition Board (DAB). The DAB will be a successor to the JRMB, buttressed by three subordinate boards. The attached report provides details on the structure and functions of these boards.

Information Systems Data Base

It is proposed that an acquisition information system be put in place at the earliest possible time. All information is to be put into the system by the program managers each month without Service modification of the data:

- Propose to use existing Air Force or OSD program with intent to have it on stream by January 1987.
- Information access to be limited, but base will include all programs, projects, facilities and logistics data.

USD(A)

- In the exercising of the USD(A)'s functions, it is important that he be responsible for and represent all acquisition issues before the Defense Resources Board and,
- The USD(A) allocate acquisition resources as they are required in decisions before the DAB.

With these thoughts in mind and your agreement, I plan to move in this direction.

IMPLEMENTATION OF THE DEFENSE ACQUISITION SYSTEM REORGANIZATION

Under Secretary of Defense
for Acquisition

October 31, 1986

Richard P. Godwin
USD(Acquisition)

CONTENTS

Summary

The Acquisition Organization in the Services

The Acquisition Organization within OSD

- Organization
- Program Cost Analysis
- Program Reporting
- Contract Audit Policy
- Defense Acquisition Executive

Supporting Acquisition Management Boards

- Defense Acquisition Board
    - Research and Development Board
    - Production and Support Board
    - Contract Policy Board
- Acquisition Program Review

SUMMARY

The reorganization of the Defense Acquisition System encompasses three principal initiatives that foster the evolutionary process we envision. The recommended initiatives identify key areas that will promote the evolutionary changes needed to align Service execution of acquisition programs under the policy and management supervision of the Office of the Under Secretary of Defense for Acquisition (OUSD(A)). These primary initiatives are recognized as:

The Acquisition Organization in the Services

The Acquisition Organization within OSD

Supporting Acquisition Management Boards

This framework for implementation will enable us to build on insight from the Services thereby resulting in an integrated cohesive structure.

The FY 87 National Defense Authorization Act addressed issues concerning the management of the acquisition process, specifically identifying authorities, functions, and responsibilities of the USD(A). The role of the Under Secretary of Defense for Acquisition (USD(A)) is that of a chief executive dedicated full-time to acquisition matters.

The USD(A) is responsible for establishing acquisition policy, supervising the acquisition system, allocating resources, and making binding programmatic and resource decisions for acquisition issues required by the Planning, Programing, and Budgeting System (PPBS) and acquisition system. In this capacity, the USD(A) operates within the bounds of resource priorities established among acquisition, operations, personnel, and force structure provided by the Defense Resources Board (DRB).

Realignment of the OSD Defense Acquisition system requires corresponding Service changes. Each Service and operating entity will establish a full-time Service Acquisition Executive (SAE) capable of making programmatic agreements with the USD(A). Restructuring the existing Service organizations is necessary to establish and provide support to the SAE. The proposed restructuring involves consolidation of Service and Secretariat staffs with program managers initially reporting to the SAE.

The overall management concept envisioned to carry out these responsibilities requires use of a successor to the Joint Requirements and Management Board (JRMB), identified as the Defense Acquisition Board (DAB), a general management committee and parent for subordinate operating Boards.

This reorganization streamlines the acquisition system, strengthens the requirements definition process, ensures consistency between PPBS and programmatic decision making, and improves accountability.

This paper describes an approach towards implementing such a system.

For the purposes of this paper:

> DoD Acquisition includes obtaining equipment, facilities, and technical and support services required by the Department of Defense.
>
> The DoD Acquisition System is a uniform process wherein all DoD equipment, facilities, and technical and support services are conceived, acquired, maintained, and disposed of for U.S. Active and Reserve, and Allied forces. The system entails establishing policies, allocating resources, supervising the process, providing internal control, assuring quality, accountability, and appropriate reporting.

The breadth of these statements is intended to include equipment and services acquired for foreign military sales and construction projects required to support military forces.

THE ACQUISITION ORGANIZATION IN THE SERVICES

Implementation of a uniform acquisition program initially focuses on the management role in the Services for their major acquisition programs. The President's Commission recommended a Service Acquisition Executive (SAE) have full-time responsibility for management of the execution and progress of Service acquisition programs under policy guidance from the Defense Acquisition Executive (DAE). An objective of the Service acquisition system is to mirror the execution of the OSD acquisition function. This recommendation offers clear lines of authority and responsibility, reduced layering, and direct accountability within the Services and OSD acquisition system.

The SAE concept represents a unique management challenge. The SAE is located in the reporting chain to the USD(A) and simultaneously must interact on a day-to-day basis with the Service Secretary. It is favorable for the Service Secretary to nominate a candidate to the Secretary of Defense through the USD(A).

Implementation of the SAE concept appears difficult within the existing Service Headquarters structure. The chart at Figure 1 illustrates the degree of redundancy between the Service Secretary Staff and the Service Chief Staff, and the difficulties encountered in establishing an SAE management chain. Congressional legislation may indeed force a consolidation of these staffs with twin goals of reducing Headquarters personnel overhead and streamlining the management process. The chart at Figure 2 takes advantage of this consolidation in preparing an SAE implementation concept. This concept recognizes the dual reporting responsibilities the SAE requires and the need to maintain close ties between the users and the developers of DoD acquisitions.

THE ACQUISITION ORGANIZATION WITHIN OSD

Organization

The provisions passed in the legislation clearly and specifically prescribe the duties and precedence of the USD(A) to provide full-time oversight and management of acquisition in DoD. The OSD oversight and management of the DoD acquisition process encompass review and analysis of Service programs from the operational standpoint, answering the basic questions of what and why. In essence, OSD acts as an executive board to review, coordinate, and balance acquisition in all the Services.

The OSD acquisition organizational structure as shown in Figure 3, identifies four groups arranged according to functional areas.

The USD(A) organizational structure consolidates the various offices involved in the acquisition system mainstream into four groups: System Development; Program Operations, Materiel Acquisition; and International Affairs. The functional areas identified in the organizational chart provide the USD(A) with all the tools necessary to supervise the acquisition system.

The recently passed legislation provides for a Level III Principal Deputy and a Level IV Director, Defense Research and Engineering (DDR&E). These are presidential appointments. The legislation also maintains the Director, Operational Test and Evaluation (DOT&E) relationship, reporting directly to the Secretary of Defense.

The System Development group includes the DDR&E and ASD(C^3I) who functionally supervise all research and development activities in DoD, to include concept definition, prototyping, engineering development, modifications and upgrades, technology exploration, foreign technology evaluations, and academic evaluations.

The Program Operations group is responsible for vertical review of the Service acquisition programs. Specifically, supervision of Service acquisition program review by planning and scheduling progress reviews including baseline planning and decision stages; defining scope and authority of review committees; program and project evaluation and cost analysis; management and information systems; and military construction.

The Materiel Acquisition group is functionally organized to intensify supervision of procurement, contracting, industrial base, productivity, quality assurance and equipment standardization, and technical data management.

The International Affairs group emphasizes management of new initiatives for joint programs and technology transfer to foreign governments and their associated industries.

The test and evaluation function is provided for through the System Development group -- responsible for developmental test and evaluation, and the DOT&E -- responsible for operational test and evaluation. It is important that these offices work together closely to insure efficient and effective test planning and consolidation of testing requirements.

Program Cost Analysis

Acquisition program cost analysis has been provided by the OSD Cost Analysis Improvement Group (CAIG) reporting to the JRMB through the Director, Program Analysis & Evaluation (PA&E). The CAIG prepares cost estimates in support of JRMB Milestone reviews that are independent of the Service program manager's cost estimates.

The law currently requires that independent cost estimates be performed and submitted to the Secretary of Defense prior to major system full-scale development and production decisions.

Past Directors of Defense Research and Engineering and Under Secretaries of Defense for Research and Engineering have been unified in their desire for direct cost analysis support. The President's Commission noted that the USD(A) should have direct supervision over elements responsible for cost assessments. This analysis support includes the preparation of independent cost estimates of programs experiencing technical or schedule difficulties, pricing the acquisition program for programming and budget reviews, and cost estimating in support of acquisition program reviews.

Neither the CAIG, nor any other DoD group, is equipped to provide all of these services. Today much of its activities are in direct support of the Secretary of Defense. The CAIG is the best available and must provide this service if only for the interim period. It will take considerable time to establish a new group within the acquisition organization.

The USD(A) organizational structure shows a new separate group providing acquisition program cost analysis. It may be possible to staff this new group using the personnel resources from the existing CAIG.

Program Reporting

Program reporting includes both internal and external acquisition program documents. Congressional program reporting, specifically, Selected Acquisition Reports (SARs) and Unit Cost Reports (UCRs), document the status of major acquisition programs and are prepared by Service program managers.

The reporting responsibility of the Defense Acquisition Executive Summary (DAES) report, an internal report designed to support the DAE's role in the oversight of major system execution performance in the past has been split between the USDRE and the ASD(C). Informal discussions confirm the belief that the true OSD staff level customer and user of these reports is the acquisition community.

Given that these reports are integral to the acquisition system, prepared by program managers, and should be reviewed by the SAEs, this reorganization consolidates acquisition program reporting under the USD(A).

Contract Audit Policy

The issue regarding the location of the contract audit and audit policy functions with the Secretary of Defense's staff has been quite controversial. The discussion for locating these functions with the USD(A) include an argument that true supervision of the acquisition system requires direct involvement in contract audit and the preparation of audit policy. The feedback from contract audits offer important insight into contractor efficiency, pricing and to a degree, product quality. The compelling argument against locating these functions directly under USD(A) supervision is that a reasonable separation should exist between the advocate and the auditor.

Although the USD(A) does not personally take on the advocate role, separation of these functions clearly insures independence in contract audit.

The legislation passed recommends that the existing law governing audit policy and the Inspector General be maintained. In conjunction with the DoD IG, the USD(A) will coordinate audit oversight of contractor activities to prevent duplication of effort on the part of different elements within DoD. Responsibility for audit policy and standards will be retained within the office of the Inspector General and the performance of actual audits by the Defense Contract Audit Agency (DCAA) within the office of the ASD(C). The USD(A) will set policy for the administrative oversight of defense contractors and develop appropriate guidance concerning the auditing of defense contractors which will be binding on DCAA. This compromise reflects the intent of the recommendations made by the President's Commission and carries out direction provided by the Secretary of Defense.

The Defense Acquisition Executive

The Defense Resources Board (DRB) provides management and oversight of all aspects of the DoD planning, programming and budgeting process. This oversight includes managing the planning process which develops the DoD Defense Guidance; managing the programming phase ensuring adherence to fiscal and other mandatory guidance; and overseeing the budget review process.

The DRB is chaired by the Deputy Secretary of Defense and membership from senior leadership within DoD. The DRB tends to focus on discrete issues with a one-voice, one-equal-vote deliberation style. Final decisions are normally rendered by the Deputy Secretary of Defense outside of the formal Board process. This process often limits the time available to the Board to focus on broad strategy considerations. Mismatches between programmatic decisions fostered by the Joint Requirements and Management Board (JRMB) and the PPBS decisions resulting from DRB deliberations often result.

Refocusing the DRB and ensuring coherency in acquisition program decision making is needed. The DRB should serve as the oversight body responsible for broad policy, planning, and resource allocation issues, providing a forum for reviewing military strategies and plans prepared by the Chairman, Joint Chiefs of Staff (CJCS) to implement national security objectives. Using these fiscally constrained plans, the DRB should then develop resource allocations and priorities among acquisition, force structure, operations, and personnel needs.

The JRMB, under the previous chairmanship of the USDRE, sponsored programmatic decisions without true budgetary considerations. The DRB with the Director, PA&E as executive secretary also sponsored programmatic decisions which in some instances did not harmonize with those decisions already made within the JRMB process. Significant resource decisions are also made during the budget review, led by the ASD(C), which materially modify JRMB decisions. This situation creates the disconnect between the JRMB and PPBS processes. This existing DoD acquisition management process fragments resource and programmatic decision making.

To rectify this situation and permit the USD(A) to truly serve as the Defense Acquisition Executive (DAE), modification to the decision making process is required. Proper translation of military strategies and plans into crisp acquisition program goals are required to enable the USD(A) to prepare the acquisition portion of the Defense Guidance. The USD(A) should retain decision authority for acquisition issues addressed during programming and budget preparation reviews to insure consistency between JRMB and PPBS decisions.

Initially the USD(A) would operate within the bounds of the resource priorities provided by the DRB. However, once broad resource guidelines are provided, he will require the latitude to structure the individual elements making-up the DoD acquisition program. The USD(A) is then tasked with accomodating changes within the acquisition program as changes in military strategy, the fiscal environment, or Congressional mandates dictate a shift in resource allocation or priorities among acquisition, force structure, operations and personnel.

This approach of centralized acquisition management supervision of the entire DoD acquisition system is consistent with the current legislation, Secretary of Defense direction, and the President's Commission.

SUPPORTING ACQUISITION MANAGEMENT BOARDS

Responsibilities of the USD(A) include membership on the Defense Resources Board, providing oversight for the total PPBS process, acquisition policy formulation, resource allocation and prioritization of decisions within the acquisition system, supervision of the acquisition system, internal control accountability, insuring quality of DoD acquisitions, and reporting to Congress. The acquisition management concept envisioned to encompass the broad menu of these responsibilities is the establishment of a single uniform system for all acquisitions within the DoD.

Defense Acquisition Board

The scope of the USD(A) responsibilities presents a management structure challenge. To effectively and efficiently carry out these responsibilities, the USD(A) will draw upon an expansion of the Joint Requirements and Management Board (JRMB) concept.

The JRMB has functioned as the principal acquisition decision-making board by serving as a general management committee and parent for subordinate operating Boards. The name of the JRMB would be changed to the Defense Acquisition Board (DAB) to more appropriately reflect its broadened scope of responsibilities and authority.

The JRMB, and DSARC, has historically served the single purpose of acquisition program review. The DAB will assist the USD(A) not only with major acquisition program reviews, but also with policy formulation, resource allocations, requirements and baseline planning and nonmajor and subsystem oversight prioritization and decision support for acquisition matters encountered during programming and budgeting reviews.

The DAB will review the DoD infrastructure, including the national laboratories, major construction such as base hospitals, and the level and direction of basic research. The DAB will also review acquisitions that support foreign assistance and foreign military sales programs. While organizations such as the Defense Security Assistance Agency (DSAA) would not fall under the USD(A), DSAA acquisition related activities would flow through the acquisition system.

Three subordinate management review Boards are created to support the DAB. These three Boards serve as operating committees to provide staff support to the DAB. This structure is shown in the chart at Figure 4.

The Research and Development Board (RADB) is responsible for all aspects of DoD's technology base, and research and development program. It will support the DAB at critical major milestone decision reviews; formulate the R&D acquisition program; make recommendations to the DAB concerning R&D programming and budgeting decisions; and conduct nonmajor system and subsystem reviews. This Board would also take on the responsibilities and activities of the Prototype Advisory Council, whose creation was approved by the Deputy Secretary on August 4, 1986, to provide incentives to carry out prototyping.

The Production and Support Board (PASB) is responsible for all aspects of DoD's procurement, manufacturing, military construction, operating and maintenance programs. It will also support the DAB at critical major milestone decision reviews; formulate the production and support acquisition program; make recommendations to the DAB concerning production and support programming and budgeting decisions; and conduct nonmajor system and subsystem reviews.

The Contract Policy Board (CPB) is responsible for developing, implementing, and maintaining policies and procedures to ensure a uniform acquisition system. The CPB will also address contract structure, type, and strategy applicable to the various acquisitions reviewed by the DAB. The CPB is also responsible for setting policy for administrative oversight of defense contractors and developing appropriate guidance concerning the auditing of defense contractors.

Take over the
compete
merit...
Jr.

Acquisition Program Review

Important ingredients required to achieve acquisition success are proper front-end planning and program stability.

The Baseline Plan is a vehicle to support an intensive mission need and acquisition requirement review. It will also serve as a forum for exploring acquisition strategies.

DoD Directive 5000.45, "Baselining of Selected Major Systems" was recently issued and serves as the operating document for the program baseline. Baselining of major systems is not a new management concept. Secretary of Defense Decision Memorandums have in the past included program technical, schedule, and cost goals and thresholds. These goals and thresholds have been reflected in the Selected Acquisition Report (SAR) delivered to Congress.

The new baselining concept endorsed by the President's Commission, forces a more rigorous process leading up to the Program Baseline and a serious commitment at all levels to establish realistic and achievable program goals. This concept allows the program manager the authority to creatively and effectively manage the program within the scope of the Program Baseline. While program baselining represents an opportunity to shorten the acquisition cycle, lower acquisition cost, and deliver equipment responsive to the threat, it is painfully obvious that this management tool can only work if the Congress permits. It is critical that every avenue available be explored by the USD(A) to make Congress at the very least, an informal partner to the baselining process.

Acquisition program review is accomplished by the DAB and its subordinate management review Boards through six Milestone reviews. Important features of the Milestones are summarized in the chart at Figure 5.

The DAB is the decision authority for the critical major system decisions: Milestone 0 - New Start; Milestone 2 - Full Scale Development; and Milestone 3 - Production. The RADB, PASB, and the SAE have decision authority for the major project decisions and for nonmajor system and subsystem decisions: Milestone 1 - Program Initiation; Milestone 4 - Operations and Logistics; and Milestone 5 - Modifications.

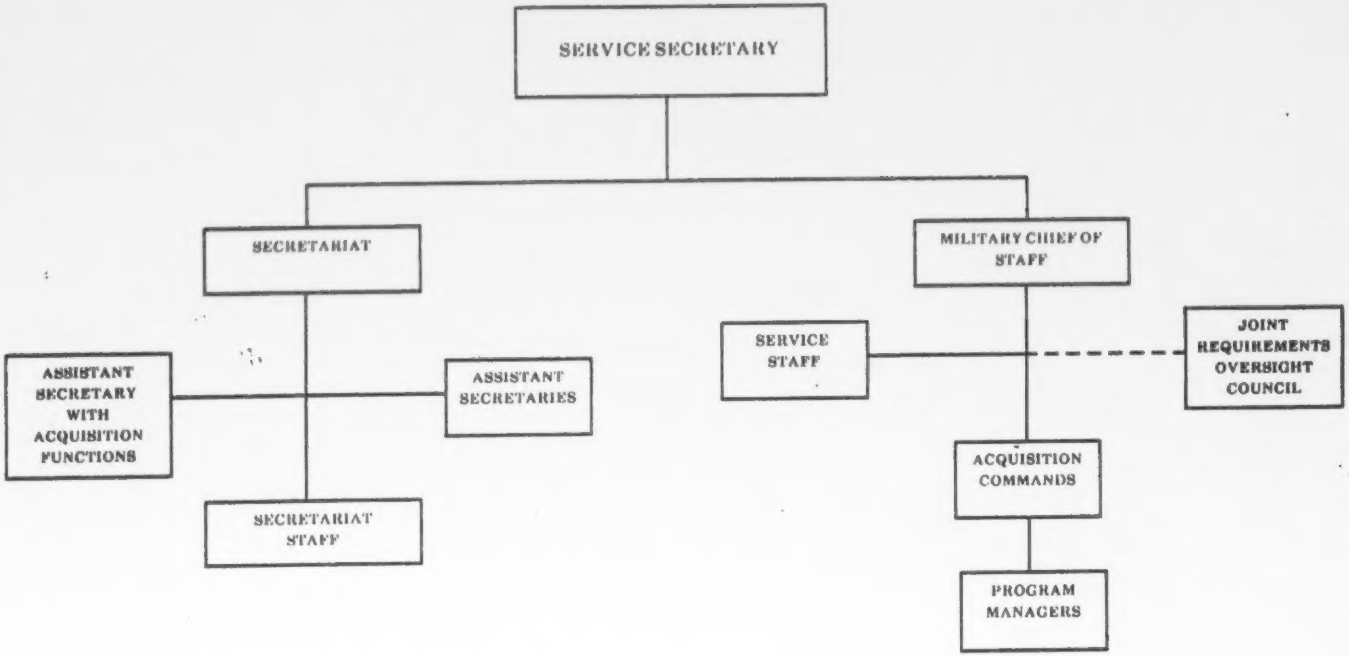
The establishment of review and approval responsibility in the RADB and PASB for critical milestones in nonmajor systems and subsystems is a major step towards exercising prudent management oversight of the "small" Service programs. The Boards will also promote consistency and realism between program decisions and PPBS resource constraint considerations.

For the purposes of this paper:

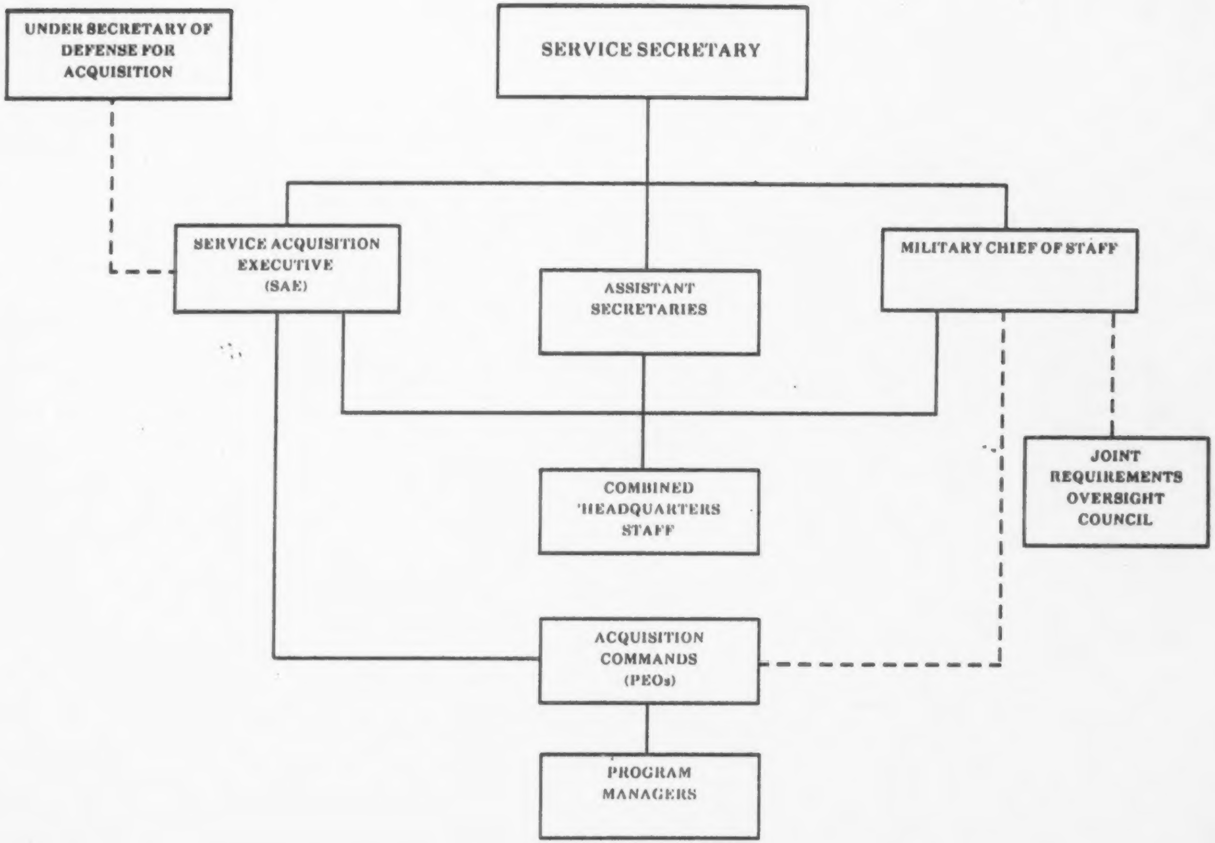
Baseline Plan sets forth the elements of the baseline agreement. This agreement is a documented procedure that plans and describes a proposed acquisition undertaking by identifying infrastructure; research, development, and production needs; objectives in system acquisitions; and technical and support service requirements.

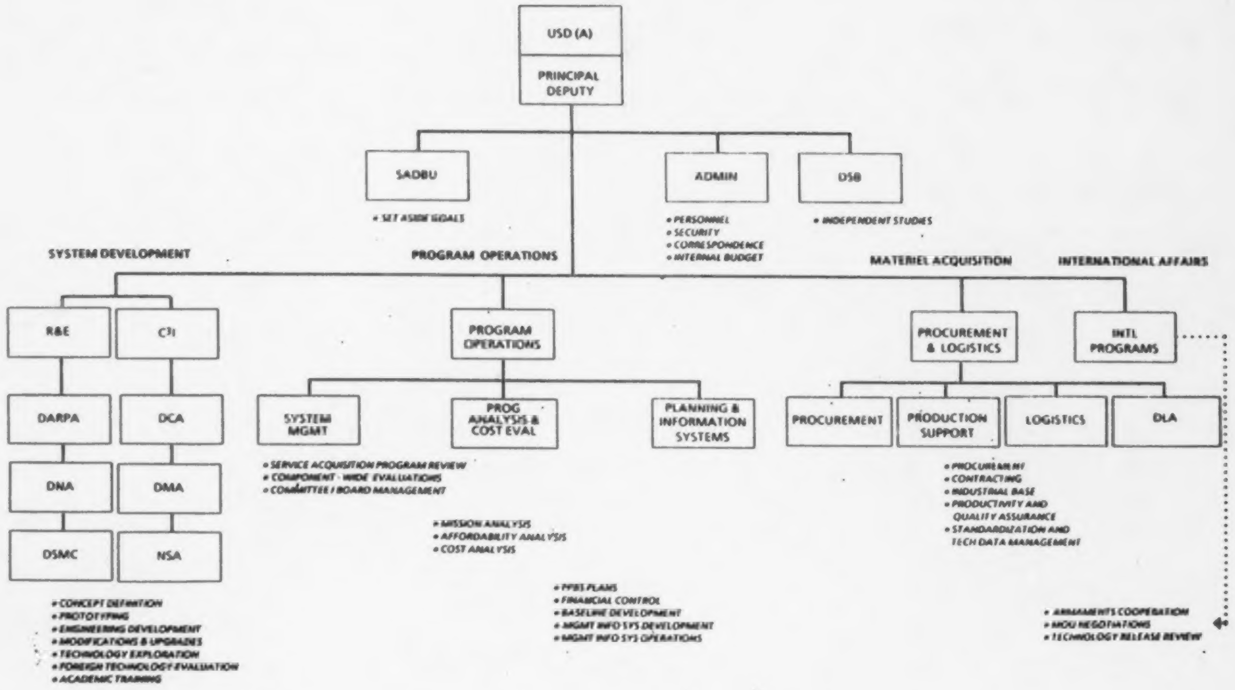
Program Baseline is a formal agreement between the USD(A) and responsible program manager which identifying elements critical to acquisition program success. These elements include detailed system performance parameters, schedules, cost goals, and reporting.

CURRENT SERVICE ACQUISITION STRUCTURE

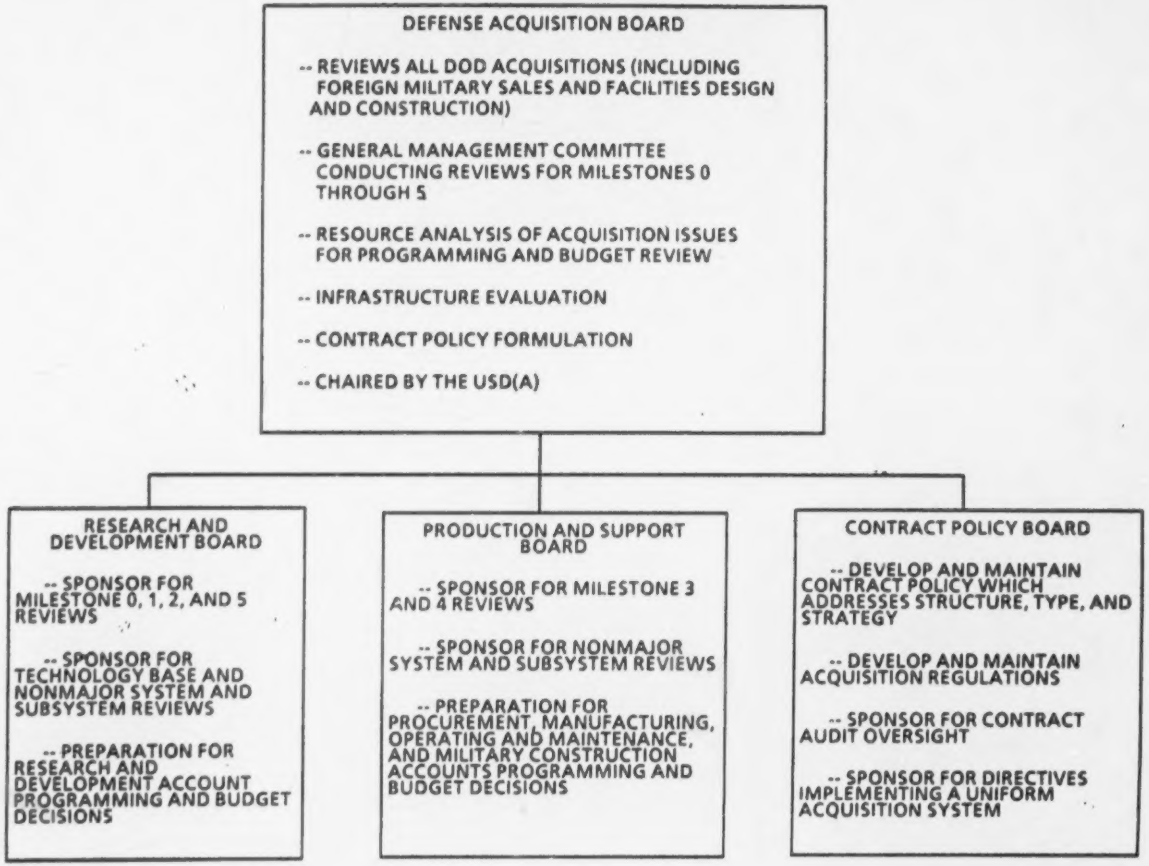

SERVICE SECRETARY
SECRETARIAT
MILITARY CHIEF OF STAFF
ASSISTANT SECRETARY WITH ACQUISITION FUNCTIONS
ASSISTANT SECRETARIES
SECRETARIAT STAFF
SERVICE STAFF
JOINT REQUIREMENTS OVERSIGHT COUNCIL
ACQUISITION COMMANDS
PROGRAM MANAGERS

PROPOSED SERVICE ACQUISITION STRUCTURE


UNDER SECRETARY OF DEFENSE FOR ACQUISITION
SERVICE SECRETARY
SERVICE ACQUISITION EXECUTIVE (SAE)
ASSISTANT SECRETARIES
MILITARY CHIEF OF STAFF
COMBINED HEADQUARTERS STAFF
JOINT REQUIREMENTS OVERSIGHT COUNCIL
ACQUISITION COMMANDS (PEOs)
PROGRAM MANAGERS


USD (A)
PRINCIPAL DEPUTY
SADBU
• SET ASIDE GOALS
ADMIN
• PERSONNEL
• SECURITY
• CORRESPONDENCE
• INTERNAL BUDGET
DSB
• INDEPENDENT STUDIES
SYSTEM DEVELOPMENT
R&E
C³I
DARPA
DCA
DNA
DMA
DSMC
NSA
• CONCEPT DEFINITION
• PROTOTYPING
• ENGINEERING DEVELOPMENT
• MODIFICATIONS & UPGRADES
• TECHNOLOGY EXPLORATION
• FOREIGN TECHNOLOGY EVALUATION
• ACADEMIC TRAINING
PROGRAM OPERATIONS
PROGRAM OPERATIONS
SYSTEM MGMT
• SERVICE ACQUISITION PROGRAM REVIEW
• COMPONENT - WIDE EVALUATIONS
• COMMITTEE / BOARD MANAGEMENT
PROG ANALYSIS & COST EVAL
• MISSION ANALYSIS
• AFFORDABILITY ANALYSIS
• COST ANALYSIS
PLANNING & INFORMATION SYSTEMS
• PPBS PLANS
• FINANCIAL CONTROL
• BASELINE DEVELOPMENT
• MGMT INFO SYS DEVELOPMENT
• MGMT INFO SYS OPERATIONS
MATERIEL ACQUISITION
PROCUREMENT & LOGISTICS
PROCUREMENT
PRODUCTION SUPPORT
LOGISTICS
DLA
• PROCUREMENT
• CONTRACTING
• INDUSTRIAL BASE
• PRODUCTIVITY AND QUALITY ASSURANCE
• STANDARDIZATION AND TECH DATA MANAGEMENT
INTERNATIONAL AFFAIRS
INTL PROGRAMS
• ARMAMENTS COOPERATION
• MOU NEGOTIATIONS
• TECHNOLOGY RELEASE REVIEW

DOD ACQUISITION MANAGEMENT



DEFENSE ACQUISITION BOARD

-- REVIEWS ALL DOD ACQUISITIONS (INCLUDING FOREIGN MILITARY SALES AND FACILITIES DESIGN AND CONSTRUCTION)

-- GENERAL MANAGEMENT COMMITTEE CONDUCTING REVIEWS FOR MILESTONES 0 THROUGH 5

-- RESOURCE ANALYSIS OF ACQUISITION ISSUES FOR PROGRAMMING AND BUDGET REVIEW

-- INFRASTRUCTURE EVALUATION

-- CONTRACT POLICY FORMULATION

-- CHAIRED BY THE USD(A)

RESEARCH AND DEVELOPMENT BOARD

-- SPONSOR FOR MILESTONE 0, 1, 2, AND 5 REVIEWS

-- SPONSOR FOR TECHNOLOGY BASE AND NONMAJOR SYSTEM AND SUBSYSTEM REVIEWS

-- PREPARATION FOR RESEARCH AND DEVELOPMENT ACCOUNT PROGRAMMING AND BUDGET DECISIONS

PRODUCTION AND SUPPORT BOARD

-- SPONSOR FOR MILESTONE 3 AND 4 REVIEWS

-- SPONSOR FOR NONMAJOR SYSTEM AND SUBSYSTEM REVIEWS

-- PREPARATION FOR PROCUREMENT, MANUFACTURING, OPERATING AND MAINTENANCE, AND MILITARY CONSTRUCTION ACCOUNTS PROGRAMMING AND BUDGET DECISIONS

CONTRACT POLICY BOARD

-- DEVELOP AND MAINTAIN CONTRACT POLICY WHICH ADDRESSES STRUCTURE, TYPE, AND STRATEGY

-- DEVELOP AND MAINTAIN ACQUISITION REGULATIONS

-- SPONSOR FOR CONTRACT AUDIT OVERSIGHT

-- SPONSOR FOR DIRECTIVES IMPLEMENTING A UNIFORM ACQUISITION SYSTEM

ACQUISITION MILESTONES

	DECISION AUTHORITY	
	MAJOR SYSTEMS	NONMAJOR SYSTEMS
MILESTONE 0	DAB	RADB
Establish Mission Need (Includes Science and Technology Program)		
Affordability Determination		
Baseline Plan		
MILESTONE 1	RADB	SAE
Requirements Statement		
Alternatives Trades		
Concept Definition		
Refined Baseline Plan		
Acquisition Strategy		
Program Goals		
Approval to Prototype		
MILESTONE 2	DAB	RADB
Approval for Full Scale Development and Low Rate Initial Production or Construction		
Baseline Plan Supplemented by Baseline Program		
Risk and Benefits Trades		
Affordability		
Make or Buy		
MILESTONE 3	DAB	PASB
Baseline Plan Update		
High Rate Production		
Threat Validation		
Test Results		
Production Cost Verification		
MILESTONE 4	PASB	SAE
Baseline Plan Update		
Logistics Support Updates		
Facilities		
Storage		
Transportation		
MILESTONE 5	RADB	SAE
Baseline Plan Update		
Modification Decisions		
Transition to Reserve Forces		
Retirements		

Department of Defense
DIRECTIVE

NUMBER

SUBJECT: Under Secretary of Defense (Acquisition)

REFERENCES:
(a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
(b) Title 10, United States Code
(c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
(d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
(e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Department of Defense Acquisition System. A ~~single~~ uniform ~~system~~ process whereby all equipment, facilities, and services are conceived acquired, maintained, and disposed of ~~within the Department of Defense~~. The system entails establishing policies and practices which govern acquisitions, determining and ~~prioritizing~~ allocating resource requirements, directing the process, internal management control, and reporting to Congress.

for U.S. Active, Reserve and Allied forces.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense; and the Defense Agencies.

C. RESPONSIBILITIES

The Under Secretary of Defense for Acquisition is the Principal Staff Assistant and advisor to the Secretary of Defense for all matters relating to acquisition; research and development; command, control, communications, and intelligence activities related to acquisition; and procurement and logistics.

1. The USD(A) shall have authority to direct the Secretaries of the Military Departments and the heads of all other DoD organizations with regard to acquisition matters.

2. The USD(A) shall also:

a. serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. set policy for acquisition matters, including procurement, research and development, logistics, developmental testing, and contract administration;

c. set policy for administrative oversight of defense contractors;

d. develop ~~appropriat~~e guidance concerning the auditing of defense contractors;

e. serve as the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (EO) 12352 (reference (e)) and 41 U.S.C. § 401-419 (reference (f));

g. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities.

h. Promote coordination, cooperation, mutual understanding of all matters related to assigned activities, both inside and outside of the Department of Defense.

i. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense.

j. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

f. prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD;

g. serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and

h. chair the Defense Acquisition Board (DAB).

3. For each assigned area, the USD(A) shall:

a. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs.

b. Develop systems and standards for the administration and management of ~~approved~~ DoD acquisition plans and programs.

c. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States, and its Allies.

d. Review and evaluate recommendations, MAKE DECISIONS on requirements and priorities.

e. Review, ~~and~~ evaluate, and approve DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance.

f. In conjunction with the Assistant Secretary of Defense (Comptroller), review proposed resource programs, formulate budget estimates, ~~recommend~~ resource allocations, and monitor the implementation of approved resource programs.

within approved
acquisition budget
Make

8. Industrial base resources and productivity.

9. Force modernization.

10. Development test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the NATO Infrastructure program.

E. RELATIONSHIPS

The USD(A) shall take precedence in the DoD on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

1. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority and control over:

(1) the Director of Defense Research and Engineering;

(2) the Assistant Secretary of Defense (Research and Technology), through the Director of Defense Research and Engineering;

(3) the Assistant Secretary of Defense (Procurement and Logistics);

(4) acquisition related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) the Assistant to the Secretary of Defense (Atomic Energy);

(6) the Director of Small and Disadvantaged Business Utilization; and

(7) the Defense Advanced Research Projects Agency, the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, the Defense Nuclear Agency, the Joint Tactical Command, Control and Communications Agency, and the Defense Systems Management College.

(8) acquisition-related intelligence activities of the Defense Intelligence Agency, the National Security Agency/Central Security Service, and the Defense Support Project Office;

(9) acquisition-related intelligence activities of Air Force and Navy special intelligence programs; and

(10) acquisition-related intelligence functions assigned to the Military Departments.

b. Provide technical guidance to the Electromagnetic Compatability Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and Federally Funded Research and Development Centers (FFRDCs).

d. Coordinate and exchange information with other OSD officials and heads of DoD Components exercising collateral or related responsibilities.

e. Use existing facilities and services of the Department of Defense and other Federal agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

2. Other OSD officials and heads of DoD Components shall coordinate with the USD(A) on all matters related to responsibilities and functions assigned in this Directive.

F. AUTHORITIES

The USD(A) is hereby delegated authority to:

1. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to the Military Departments shall be issued through the Secretaries of those Departments, or their designees. Instructions to Unified and Specified Commands shall be issued through the Joint Chiefs of Staff.

2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

3. Communicate directly with the heads of DoD components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the JCS.

4. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

5. Approve, modify, or disapprove acquisition programs, projects and activities of the Military Departments and other DoD Components in assigned fields.

6. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

7. Exercise the authorities contained in enclosure 2 to this Directive.

G. EFFECTIVE DATE

This Directive is effective immediately.

Enclosures - 2
1. References
2. Delegations of Authority

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 12, 1982

(f) 41 U.S.C. § 401-419, "The Office of Federal Procurement policy Act," as amended

(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

(i) DoD Directive 5000.19, "Policies for Management and Control of Information Requirements," March 12, 1976

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DoD Directive 4405.6, April 13, 1968).

2. Exercise responsibilities of the Secretary of Defense under P.L. 93-155, Defense Industrial Reserve Act of 1973 (50 U.S.C. 451 et. seq.) to provide a comprehensive and continuous program for the future safety and for the defense of the United States by providing adequate measures whereby an essential nucleus of government-owned plants and industrial plant equipment is maintained to meet the needs of the Armed Forces in time of a national emergency or in anticipation thereof.

3. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804, an act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

4. Make Secretarial determinations, justifications, and approvals on behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under title 10, United States Code, with the authority to redelegate to the Directors of those agencies, as appropriate.

5. Act for the Secretary of Defense to establish and administer an Industrial Preparedness Program to comply with E.O. 11490, Section 401, paragraphs (7), (9), (12), and (13), October 18, 1969, as amended, and Defense Mobilization Order VII-7 (Revised), in accordance with DoD Directive 4005.1, July 18, 1972.

6. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

7. Act as the DoD Procurement Executive, making determinations and decisions with respect to production end item purchases, contracts, leases, and sales agreements and taking other appropriate actions in the maintenance and monitoring of DoD procurement systems pursuant to E.O. 12352, Federal Procurement Reforms, March 17, 1982.

8. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain countries, pursuant to title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 et. seq.), and E.O. 12260, July 26, 1979.

9. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DoD Directive 4160.21, December 5, 1980.

10. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DoD Directive 4160.25, April 30, 1984.

11. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950, (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army, as prescribed in DoD Directive 4100.21, October 30, 1980.

12. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 5, 1953, as amended by E.O. 12038, February 3, 1978.

13. Establish uniform policies and procedures relating to cataloging and standardization of equipment and supplies under title 10, United States Code, Chapter 145, and other statutes.

14. Implement the agreement between the General Services Administration and the Department of Defense on supply management relationships under the national supply system (DoD Directive 5030.47, May 27, 1971).

15. Act for the Secretary of Defense in the establishment and administration of policy and guidance governing emergency requirements allocations, priorities, and permits for the use of civil transportation within the continental United States (DoD Directive 3005.7, June 5, 1978).

16. Act for the Secretary of Defense in establishing policies and providing guidance to DoD Components concerning the efficient and effective use of DoD and commercial transportation resources and the establishment and operation of Transportation Single Manager Agencies (DoD Directive 4500.9, June 18, 1976).

17. Act for the Secretary of Defense regarding DoD participation in, or initiation of, proceedings before transportation regulatory bodies (DoD Instruction 4500.17, January 16, 1969).

18. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DoD Directive 5126.9, June 18, 1979).

19. Act for the Secretary of Defense as the DoD claimant to other designated Executive Departments and Agencies for petroleum requirements and allocations in an emergency (DoD Directive 4140.25, May 15, 1980).

20. Exercise all responsibilities and authority of the Secretary of Defense under Title 10, United States Code, § 2404 with respect to the acquisition of petroleum.

21. Act for the Secretary of Defense in managing the Competition Advocate Program throughout the Department of Defense (P.L. 98-191, The Office of Federal Procurement Policy Act as amended by P.L. 98-369, "The Competition in Contracting Act).

22. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

23. Make the determination required by title 50 United States Code, Section 1512(1), concerning transportation or testing of any lethal chemical or any biological warfare agent.

24. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by title 50 United States Code, Section 1511.

25. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal Advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

26. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

27. Act for the Secretary of Defense to make appropriate supporting determinations and execute leases under title 10, United States Code, Section 2667.

28. Act for the Secretary of Defense in the implementation of OMB Circular A-76, "Performance of Commercial Activities," as revised, August 4, 1983.

29. Pursuant to pertinent provisions of title 10, United States Code, establish and grant waivers to uniform policies and procedures and review and approve programs and specific projects of DoD Components relating to the design, acquisition, construction, operation, maintenance, and disposal of DoD facilities, and the protection of the natural environment in and around DoD facilities.

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

Tab D

1986 OCT 29
OFFICE OF
THE SECRETARY OF DEFENSE

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

ACQUISITION

28 OCT 1986

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Defense Acquisition System Reorganization

Following our last discussion we have been working within the DoD to put an organization into place. This memo is a summary of where we stand and the issues as I see them.

The FY 87 National Defense Authorization Act has addressed issues concerning the management of the acquisition process, following the President's directive and the Packard Commission report. The formal USD(A) directive is in its final drafting stages (Attachment B). All of these instructions describe in various ways what a DoD acquisition system should be. Attachment A is a outline of the acquisition system. In summary, they involve the following areas:

- The Acquisition Organization in the Services;
- The Acquisition Organization within OSD;
- Supporting Acquisition Management Boards;
- Information Systems Data Base.

Acquisition Organization in the Services

I have discussed the Service Acquisition Executive (SAE) with the Service Secretaries and others. Many questions as to timing and specific organizational structure still exist. ~~However, if directed,~~ The Services ~~will~~ are in the process of establish ing acquisition executives and organiz~~e~~ ing their acquisition activities under the SAE.

- The SAE should report to the Service Secretary in line and in a functional capacity to the USD(A).
- The SAE should be a member of the new Defense Acquisition Board (DAB) which will replace the JRMB and act as the control board for acquisitions and several subsidiary committees.

The Acquisition Organization within OSD

You will see in the attached organization chart that the OUSD(A) is proposed to be divided into four major groups:

- The System Development group will maintain technical purview ~~preview~~ of major weapons systems.
- I propose not to designate a DDR&E at this time, due to the present reporting relationships of the Deputy Under Secretaries. I recommend the current DUSD's report to the Principal DUSD(A).
- The Program Operations group will act as acquisition supervisors of committees, information systems and Service acquisition activities.
- ~~A new program analysis and cost evaluation office will be established within this group building upon three people working in this area within DDR&E.~~
- Procurement and Logistics are to remain as presently established with Bob Costello as the Assistant Secretary of Defense.
- International Affairs is identified as a support group. I propose early consideration to consolidate the number of disparate international program activities spread across OSD. Centralization will serve to obtain a more coherent oversight of these programs and present a uniform position to our allies.

Supporting Acquisition Management Boards.

To exercise supervisory control over the acquisition system, I propose the establishment of a Defense Acquisition Board (DAB). The DAB will be a successor to the JRMB, buttressed by three subordinate boards. The attached report provides details on the structure and functions of these boards.

Information Systems Data Base

It is proposed that an acquisition information system be put in place at the earliest possible time. All information is to be put into the system by the program managers each month without Service modification of the data:

- Propose to use existing Air Force or OSD program with intent to have it on stream by January 1987.
- Information access to be limited, but base will include all programs, projects, facilities and logistics data.

USD(A)

- In the exercising of the USD(A)'s functions, it is important that he be responsible for and represent ~~all~~ acquisition issues before the Defense Resources Board and,
- The USD(A) make recommendations on the allocation of ~~allocate~~ acquisition resources ~~as they are required in decisions before the DAB.~~ before the DRB.

With these thoughts in mind and your agreement, I plan to move in this direction.

DRAFT

IMPLEMENTATION OF THE DEFENSE ACQUISITION SYSTEM REORGANIZATION

Under Secretary of Defense
for Acquisition

October 28, 1986

Richard P. Godwin
USD(Acquisition)

DRAFT

CONTENTS

Summary

The Acquisition Organization in the Services

The Acquisition Organization within OSD

- Organization
- Program Cost Analysis
- Program Reporting
- Contract Audit Policy
- Defense Acquisition Executive

Supporting Acquisition Management Boards

- Defense Acquisition Board
  - Research and Development Board
  - Production and Support Board
  - Contract Policy Board
- Acquisition Program Review

SUMMARY

The reorganization of the Defense Acquisition System encompasses three principal initiatives that foster the evolutionary process we envision. The recommended initiatives identify key areas that will promote the evolutionary changes needed to align Service execution of acquisition programs under the policy and management supervision of the Office of the Under Secretary of Defense for Acquisition (OUSD(A)). These primary initiatives are recognized as:

The Acquisition Organization in the Services

The Acquisition Organization within OSD

Supporting Acquisition Management Boards

This framework for implementation will enable us to build on insight from the Services thereby resulting in an integrated cohesive structure.

The FY 87 National Defense Authorization Act addressed issues concerning the management of the acquisition process, specifically identifying authorities, functions, and responsibilities of the USD(A). The role of the Under Secretary of Defense for Acquisition (USD(A)) is that of a chief executive dedicated full-time to acquisition matters.

The USD(A) is responsible for establishing acquisition policy, supervising the acquisition system, recommending the allocation of ~~allocating~~ resources, and making ~~binding~~ recommendations regarding programmatic and resource decisions for acquisition issues required by the Planning, Programing, and Budgeting System (PPBS) and acquisition system. In this capacity, the USD(A) operates within the bounds of resource priorities established ~~among acquisition, operations, personnel, and force structure provided~~ by the Defense Resources Board (DRB).

Realignment of the OSD Defense Acquisition system requires corresponding Service changes. Each Service and operating entity will establish a full-time Service Acquisition Executive (SAE) capable of making programmatic agreements with the USD(A). Restructuring the existing Service organizations is necessary to establish and provide support to the SAE. The proposed restructuring involves consolidation of Service and Secretariat staffs with program managers initially reporting to the SAE.

The overall management concept envisioned to carry out these responsibilities requires use of a successor to the Joint Requirements and Management Board (JRMB), identified as the Defense Acquisition Board (DAB), a general management committee and parent for subordinate operating Boards.

This reorganization streamlines the acquisition system, strengthens the requirements definition process, ensures consistency between PPBS and programmatic decision making, and improves accountability.

This paper describes an approach towards implementing such a system.

For the purposes of this paper:

> DoD Acquisition includes obtaining equipment, facilities, and technical and support services required by the Department of Defense.
>
> The DoD Acquisition System is a uniform process wherein all DoD equipment, facilities, and technical and support services are conceived, acquired, maintained, and disposed of for U.S. Active and Reserve, and Allied forces. The system entails establishing policies, allocating resources, supervising the process, providing internal control, assuring quality, accountability, and appropriate reporting.

The breadth of these statements is intended to include equipment and services acquired for foreign military sales and construction projects required to support military forces.

THE ACQUISITION ORGANIZATION IN THE SERVICES

Implementation of a uniform acquisition program initially focuses on the management role in the Services for their major acquisition programs. The President's Commission recommended a Service Acquisition Executive (SAE) have full-time responsibility for management of the execution and progress of Service acquisition programs under policy guidance from the Defense Acquisition Executive (DAE). An objective of the Service acquisition system is to mirror the execution of the OSD acquisition function. This recommendation offers clear lines of authority and responsibility, reduced layering, and direct accountability within the Services and OSD acquisition system.

The SAE concept represents a unique management challenge. The SAE is located in the reporting chain to the USD(A) and simultaneously must interact on a day-to-day basis with the Service Secretary. ~~It is favorable for the Service Secretary to nominate a candidate to the Secretary of Defense through the USD(A).~~

Implementation of the SAE concept ~~appears difficult~~ is underway within the ~~existing~~ Service Headquarters structure under existing arrangements. The chart at Figure 1 illustrates the degree of redundancy between the Service Secretary Staff and the Service Chief Staff, and the difficulties to be encountered in establishing an SAE management chain. Congressional legislation ~~may indeed force a~~ requires consolidation of these staffs with twin goals of reducing Headquarters personnel overhead and streamlining the management process. The chart at Figure 2 takes advantage of this consolidation in preparing an SAE implementation concept. This concept recognizes the dual reporting responsibilities the SAE requires and the need to maintain close ties between the users and the developers of DoD acquisitions.

THE ACQUISITION ORGANIZATION WITHIN OSD

Organization

The provisions passed in the legislation clearly and specifically prescribe the duties and precedence of the USD(A) to provide full-time oversight and management of acquisition in DoD. The OSD oversight and management of the DoD acquisition process encompass review and analysis of Service programs from the operational standpoint, answering the basic questions of what and why. In essence, OSD acts as an executive board to review, coordinate, and balance acquisition in all the Services.

The OSD acquisition organizational structure as shown in Figure 3, identifies four groups arranged according to functional areas.

The USD(A) organizational structure consolidates the various offices involved in the acquisition system mainstream into four groups: System Development; Program Operations, Materiel Acquisition; and International Affairs. The functional areas identified in the organizational chart provide the USD(A) with all the tools necessary to supervise the acquisition system.

The recently passed legislation provides for a Level III Principal Deputy and a Level IV Director, Defense Research and Engineering (DDR&E). These are presidential appointments. The legislation also maintains the Director, Operational Test and Evaluation (DOT&E) relationship, reporting directly to the Secretary of Defense.

The System Development group includes the DDR&E and ASD(C^3I) who functionally supervise all research and development activities in DoD, to include concept definition, prototyping, engineering development, modifications and upgrades, technology exploration, foreign technology evaluations, and academic evaluations.

The Program Operations group is responsible for vertical review of the Service acquisition programs. Specifically, supervision of Service acquisition program review, component-wide evaluations, management information systems, and military construction.

The Materiel Acquisition group is functionally organized to intensify supervision of procurement, contracting, industrial base, productivity, quality assurance and equipment standardization and technical data management.

The International Affairs group emphasizes management of new initiatives for aspects of releasing technology to foreign governments and their associated industries.

The test and evaluation function is provided for through the System Development group -- responsible for developmental test and evaluation, and the DOT&E -- responsible for operational test and evaluation. It is important that these offices work together closely to insure efficient and effective test planning and consolidation of testing requirements.

Two functions included in the organizational structure are currently located outside the existing USD(A) structure: cost analysis, and program reporting.

Program Cost Analysis

Acquisition program cost analysis has been provided by the OSD Cost Analysis Improvement Group (CAIG) supporting ~~reporting to~~ the JRMB through the Director, Program Analysis & Evaluation (PA&E). The CAIG prepares cost estimates in support of JRMB Milestone reviews that are independent of the Service program manager's cost estimates.

The law currently requires that independent cost estimates be performed and submitted to the Secretary of Defense prior to major system full-scale development ~~and~~ production, and deployment decisions. The Director PA&E will continue to provide this support under the revised syst

~~Past Directors of Defense Research and Engineering and Under Secretaries of Defense for Research and Engineering have been unified in their desire for direct cost analysis support. The President's Commission noted that the USD(A) should have direct supervision over elements responsible for cost assessments. This analysis support includes the preparation of independent cost estimates of programs experiencing technical or schedule difficulties, pricing the acquisition program for programming and budget reviews, and cost estimating in support of acquisition program reviews.~~

~~The CAIG is not equipped to provide all of these services today and much of its activities are in direct support of the Secretary of Defense.~~

~~The USD(A) organizational structure includes a separate group providing acquisition program cost analysis since requirements may exist for the Director, PA&E to provide cost analysis support for the overall DoD program to the Secretary of Defense and the DRB. It may be possible to staff this new group using the personnel resources from the existing CAIG.~~

Program Reporting

Program reporting includes both internal and external acquisition program documents. Congressional program reporting, specifically, Selected Acquisition Reports (SARs) and Unit Cost Reports (UCRs), document the status of major acquisition programs and are prepared by Service program managers. *

The reporting responsibility of the Defense Acquisition Executive Summary (DAES) report, an internal report designed to support the DAE's role in the oversight of major system execution performance in the past has been split between the USDRE and the ASD(C). Informal discussions confirm the belief that the true OSD staff level customer and user of these reports is the acquisition community.

* Given that these reports are integral to the acquisition system, prepared by program managers, and should be reviewed by the SAEs, this reorganization consolidates acquisition program reporting under the USD(A). This will require the transfer of functions, manpower spaces, and personnel from the ASD(C) to the USD(A)

Contract Audit Policy

The issue regarding the location of the contract audit and audit policy functions with the Secretary of Defense's staff has been quite controversial. The discussion for locating these functions with the USD(A) include an argument that true supervision of the acquisition system requires direct involvement in contract audit and the preparation of audit policy. The feedback from contract audits offer important insight into contractor efficiency, pricing and to a degree, product quality. The compelling argument against locating these functions directly under USD(A) supervision is that a reasonable separation should exist between the advocate and the auditor.

Although the USD(A) does not personally take on the advocate role, separation of these functions clearly insures independence in contract audit.

The legislation passed recommends that the existing law governing audit policy and the Inspector General be maintained. In conjunction with the DoD IG, the USD(A) will coordinate audit oversight of contractor activities to prevent duplication of effort on the part of different elements within DoD. * Responsibility for audit policy and standards will be retained within the office of the Inspector General and the performance of actual audits by the Defense Contract Audit Agency (DCAA) within the office of the ASD(C). The USD(A) will set policy for the administrative oversight of defense contractors and develop appropriate guidance concerning the auditing of defense contractors which will be binding on DCAA. This compromise reflects the intent of the recommendations made by the President's Commission and carries out direction provided by the Secretary of Defense.

The Defense Acquisition Executive

The Defense Resources Board (DRB) provides management and oversight of all aspects of the DoD planning, programming and budgeting process. This oversight includes managing the planning process which develops the DoD Defense Guidance; managing the programming phase ensuring adherence to fiscal and other mandatory guidance; and overseeing the budget review process.

The DRB is chaired by the Deputy Secretary of Defense and membership from senior leadership within DoD. ~~The DRB tends to focus on discrete issues with a one voice, one-equal vote~~

As the Defense Acquisition Executive, the USD(A) will serve as a member of the DRB and ~~also~~ chair the DAB. This arrangement will place him in a position to ~~encourage~~ assure the consideration of acquisition and resource management issues within the same framework. It is absolutely essential that acquisition requirements and priorities be integrated with the overall resources available to the Department. In this context, the USD(A) should be responsible for presenting acquisition considerations on PPBS matters

Terminat[illegible] [illegible] in the [illegible]

~~acquisition program. The USD(A) is then tasked with accomodating changes within the acquisition program~~ as changes in military strategy, the fiscal environment, or Congressional mandates dictate a shift in resource allocation or priorities. The ~~among acquisition, force structure, operations and personnel~~.

Service Secretaries will continue to submit POMs and budgets as in the past.

This approach of centralized acquisition management supervision of the entire DoD acquisition system is consistent with the current legislation, Secretary of Defense direction, and the President's Commission.

SUPPORTING ACQUISITION MANAGEMENT BOARDS

Responsibilities of the USD(A) include membership on the Defense Resources Board, serving as a focal point on acquisition matters in the ~~providing oversight for the total~~ PPBS process, acquisition policy formulation, developing recommendations on resource allocations and priorities ~~prioritization of decisions~~ within the acquisition system, supervision of the acquisition system, internal control accountability, insuring quality of DoD acquisitions, and reporting to Congress. The acquisition management concept envisioned to encompass the broad menu of these responsibilities is the establishment of a single uniform system for all acquisitions within the DoD.

Defense Acquisition Board

The scope of the USD(A) responsibilities presents a management structure challenge. To effectively and efficiently carry out these responsibilities, the USD(A) will draw upon an expansion of the Joint Requirements and Management Board (JRMB) concept.

The JRMB has functioned as the principal acquisition decision-making board by serving as a general management committee and parent for subordinate operating Boards. The name of the JRMB would be changed to the Defense Acquisition Board (DAB) to more appropriately reflect its broadened scope of responsibilities and authority.

The JRMB, and DSARC, has historically served the single purpose of acquisition program review. The DAB will assist the USD(A) not only with major acquisition program matters, reviews, but also with policy formulation, resource allocation~~s~~, requirements and baseline planning and nonmajor and subsystem oversight prioritization and ~~decision~~ support for acquisition matters encountered during programming and budgeting reviews.

The DAB will review the DoD infrastructure, including the national laboratories, major construction projects, ~~such as base hospitals,~~ and the level and direction of basic research. The DAB will also review acquisitions that support foreign assistance and foreign military sales programs. While organizations such as the Defense Security Assistance Agency (DSAA) would not fall under the USD(A), DSAA acquisition related activities would flow through the acquisition system.

Three subordinate management review Boards are created to support the DAB. These three Boards serve as operating committees to provide staff support to the DAB. This structure is shown in the chart at Figure 4.

The Research and Development Board (RADB) is responsible for all aspects of DoD's technology base, and research and development program. It will support the DAB at critical major milestone decision reviews; formulate the R&D acquisition program; make recommendations to the DAB concerning R&D programming and budgeting, ~~decisions;~~ and conduct nonmajor system and subsystem reviews. This Board would also take on the responsibilities and activities of the Prototype Advisory Council, whose creation was approved by the Deputy Secretary on August 4, 1986, to provide incentives to carry out prototyping.

The Production and Support Board (PASB) is responsible for all aspects of DoD's procurement, manufacturing, military construction, operating and maintenance programs. It will also support the DAB at critical major milestone ~~decision~~ reviews; formulate the production and support acquisition program; make recommendations to the DAB concerning production and support programming and budgeting, ~~decisions;~~ and conduct nonmajor system and subsystem reviews.

The Contract Policy Board (CPB) is responsible for developing, implementing, and maintaining policies and procedures to ensure a uniform acquisition system. The CPB will also address contract structure, type, and strategy applicable to the various acquisitions reviewed by the DAB. The CPB is also responsible for setting policy for administrative oversight of defense contractors and developing appropriate guidance concerning the auditing of defense contractors.

Acquisition Program Review

Important ingredients required to achieve acquisition success are proper front-end planning and program stability.

The Baseline Plan is a vehicle to support an intensive mission need and acquisition requirement review. It will also serve as a forum for exploring acquisition strategies.

DoD Directive 5000.45, "Baselining of Selected Major Systems" was recently issued and serves as the operating document for the program baseline. * Baselining of major systems is not a new management concept. Secretary of Defense Decision Memorandums have in the past included program technical, schedule, and cost goals and thresholds. These goals and thresholds have been reflected in the Selected Acquisition Report (SAR) delivered to Congress.

The new baselining concept endorsed by the President's Commission, forces a more rigorous process leading up to the Program Baseline and a serious commitment at all levels to establish realistic and achievable program goals. This concept allows the program manager the authority to creatively and effectively manage the program within the scope of the Program Baseline. While program baselining represents an opportunity to shorten the acquisition cycle, lower acquisition cost, and deliver equipment responsive to the threat, it is painfully obvious that this management tool can only work if the Congress permits. It is critical that every avenue available be explored by the USD(A) to make Congress at the very least, an informal partner to the baselining process.

Acquisition program review is accomplished by the DAB and its subordinate management review Boards through six Milestone reviews. Important features of the Milestones are summarized in the chart at Figure 5.

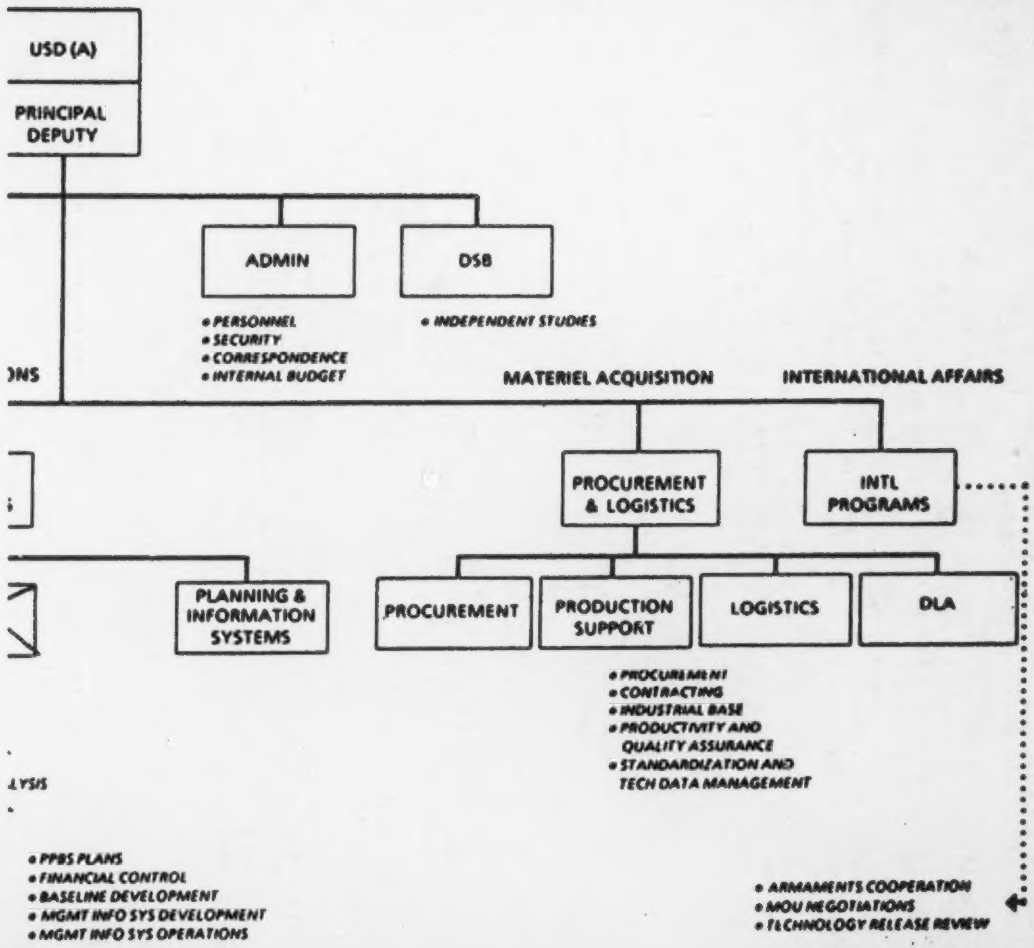
The ~~DAB~~ Secretary of Defense, based on recommendations by the USD(A) and the Dr is the decision authority for the critical major system decisions: Milestone 0 - New Start; Milestone 2 - Full Scale Development; and Milestone 3 - Production. The USD(A) has ~~RADB, PASB, and the SAE have~~ decision authority for the less critical major system decisions and for nonmajor system and subsystem decisions: Milestone 1 - Program Initiation; Milestone 4 - Operations and Logistics; and Milestone 5 - Modifications.

The establishment of review and approval responsibility in the RADB and PASB for critical milestones in nonmajor systems and subsystems is a major step towards exercising prudent management oversight of the "small" Service programs. The Boards will also promote consistency and realism between program decisions and PPBS resource constraint considerations.

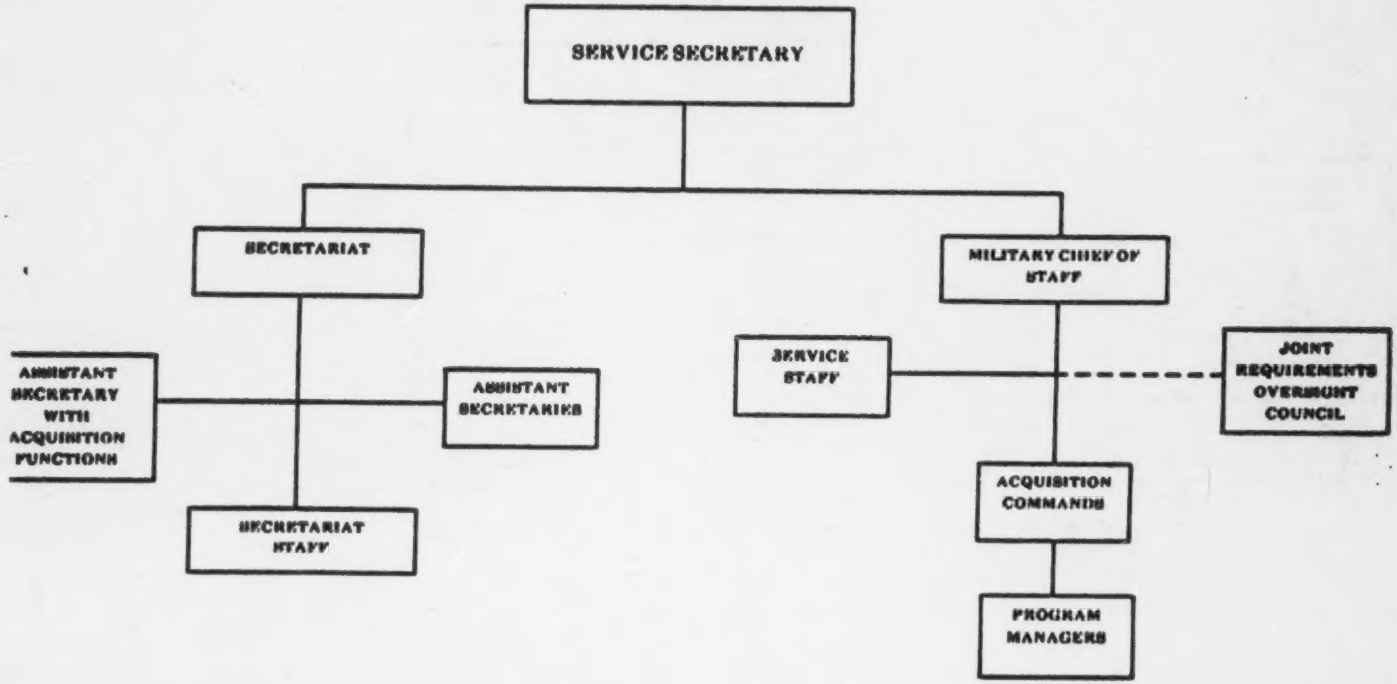
For the purposes of this paper:

Baseline Plan sets forth the elements of the baseline agreement. This agreement is a documented procedure that plans and describes a proposed acquisition undertaking by identifying infrastructure; research, development, and production needs; objectives in system acquisitions; and technical and support service requirements.

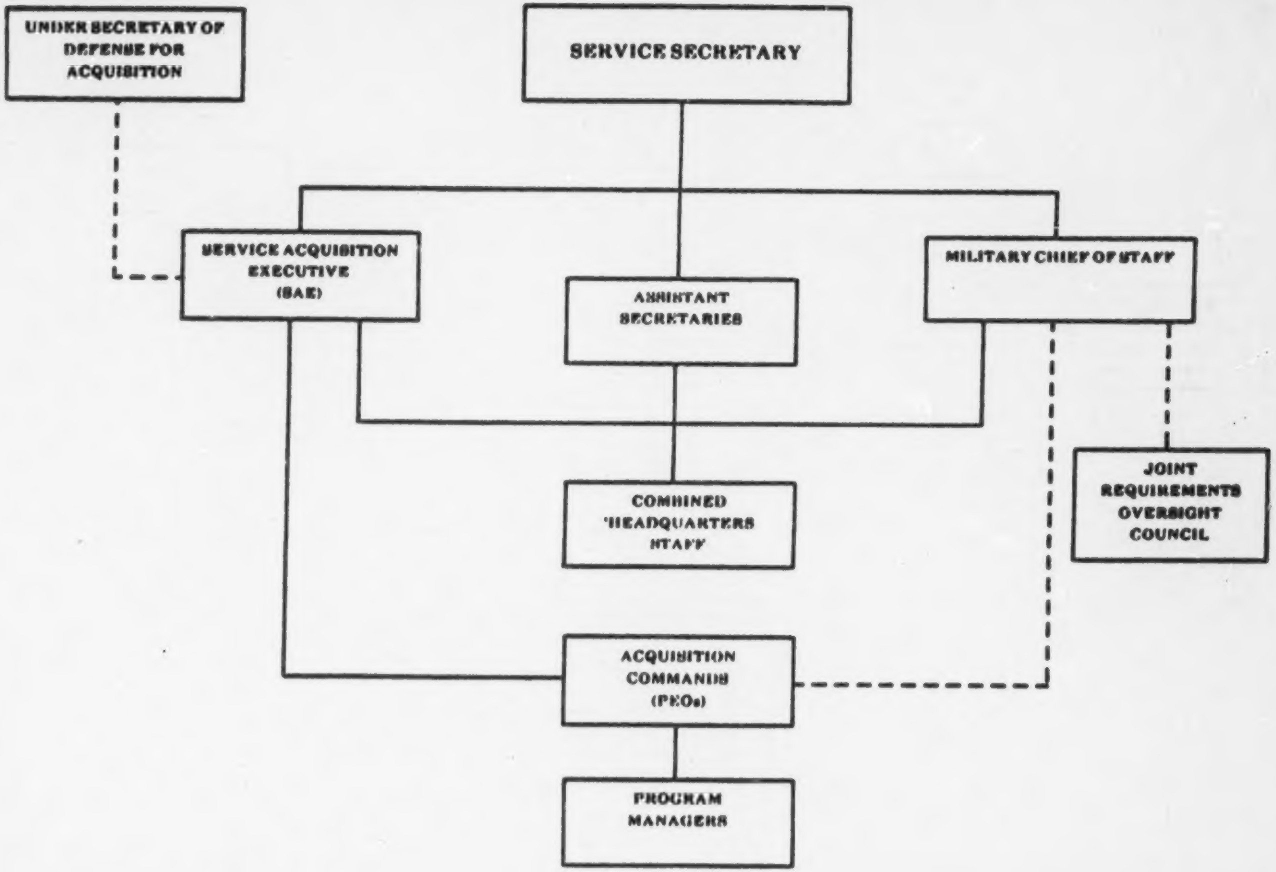
Program Baseline is a formal agreement between the USD(A) and responsible program manager which identifying elements critical to acquisition program success. These elements include detailed system performance parameters, schedules, cost goals, and reporting.


USD (A)
PRINCIPAL DEPUTY
ADMIN
• PERSONNEL
• SECURITY
• CORRESPONDENCE
• INTERNAL BUDGET
DSB
• INDEPENDENT STUDIES
ONS
MATERIEL ACQUISITION
INTERNATIONAL AFFAIRS
PROCUREMENT & LOGISTICS
INTL PROGRAMS
PLANNING & INFORMATION SYSTEMS
PROCUREMENT
PRODUCTION SUPPORT
LOGISTICS
DLA
• PROCUREMENT
• CONTRACTING
• INDUSTRIAL BASE
• PRODUCTIVITY AND QUALITY ASSURANCE
• STANDARDIZATION AND TECH DATA MANAGEMENT
LYSIS
• PPBS PLANS
• FINANCIAL CONTROL
• BASELINE DEVELOPMENT
• MGMT INFO SYS DEVELOPMENT
• MGMT INFO SYS OPERATIONS
• ARMAMENTS COOPERATION
• MOU NEGOTIATIONS
• TECHNOLOGY RELEASE REVIEW

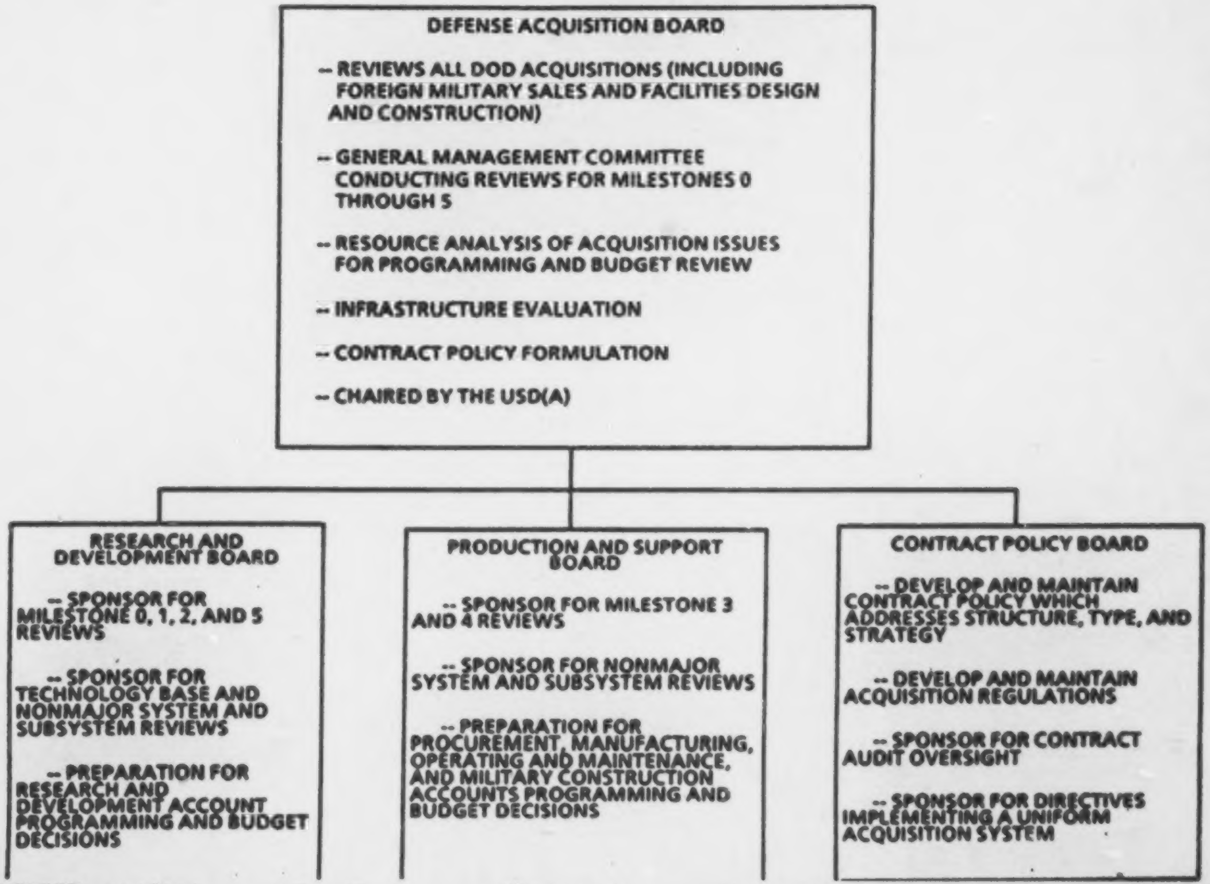
CURRENT SERVICE ACQUISITION STRUCTURE


SERVICE SECRETARY
SECRETARIAT
MILITARY CHIEF OF STAFF
ASSISTANT SECRETARY WITH ACQUISITION FUNCTIONS
ASSISTANT SECRETARIES
SECRETARIAT STAFF
SERVICE STAFF
JOINT REQUIREMENTS OVERSIGHT COUNCIL
ACQUISITION COMMANDS
PROGRAM MANAGERS

PROPOSED SERVICE ACQUISITION STRUCTURE


UNDER SECRETARY OF DEFENSE FOR ACQUISITION
SERVICE SECRETARY
SERVICE ACQUISITION EXECUTIVE (SAE)
ASSISTANT SECRETARIES
MILITARY CHIEF OF STAFF
JOINT REQUIREMENTS OVERSIGHT COUNCIL
COMBINED HEADQUARTERS STAFF
ACQUISITION COMMANDS (PEOs)
PROGRAM MANAGERS

DOD ACQUISITION MANAGEMENT



DEFENSE ACQUISITION BOARD

-- REVIEWS ALL DOD ACQUISITIONS (INCLUDING FOREIGN MILITARY SALES AND FACILITIES DESIGN AND CONSTRUCTION)

-- GENERAL MANAGEMENT COMMITTEE CONDUCTING REVIEWS FOR MILESTONES 0 THROUGH 5

-- RESOURCE ANALYSIS OF ACQUISITION ISSUES FOR PROGRAMMING AND BUDGET REVIEW

-- INFRASTRUCTURE EVALUATION

-- CONTRACT POLICY FORMULATION

-- CHAIRED BY THE USD(A)

RESEARCH AND DEVELOPMENT BOARD

-- SPONSOR FOR MILESTONE 0, 1, 2, AND 5 REVIEWS

-- SPONSOR FOR TECHNOLOGY BASE AND NONMAJOR SYSTEM AND SUBSYSTEM REVIEWS

-- PREPARATION FOR RESEARCH AND DEVELOPMENT ACCOUNT PROGRAMMING AND BUDGET DECISIONS

PRODUCTION AND SUPPORT BOARD

-- SPONSOR FOR MILESTONE 3 AND 4 REVIEWS

-- SPONSOR FOR NONMAJOR SYSTEM AND SUBSYSTEM REVIEWS

-- PREPARATION FOR PROCUREMENT, MANUFACTURING, OPERATING AND MAINTENANCE, AND MILITARY CONSTRUCTION ACCOUNTS PROGRAMMING AND BUDGET DECISIONS

CONTRACT POLICY BOARD

-- DEVELOP AND MAINTAIN CONTRACT POLICY WHICH ADDRESSES STRUCTURE, TYPE, AND STRATEGY

-- DEVELOP AND MAINTAIN ACQUISITION REGULATIONS

-- SPONSOR FOR CONTRACT AUDIT OVERSIGHT

-- SPONSOR FOR DIRECTIVES IMPLEMENTING A UNIFORM ACQUISITION SYSTEM

ACQUISITION MILESTONES

	DECISION AUTHORITY	
	MAJOR SYSTEMS	NONMAJOR SYSTEMS
MILESTONE 0 Establish Mission Need (Includes Science and Technology Program) Affordability Determination Baseline Plan	~~DAB~~ Sec Def	~~RADB~~ USD(A) *
MILESTONE 1 Requirements Statement Alternatives Trades Concept Definition Refined Baseline Plan Acquisition Strategy Program Goals Approval to Prototype	~~RADB~~ USD(A) *	~~SAE~~ USD(A) *
MILESTONE 2 Approval for Full Scale Development and Low Rate Initial Production or Construction Baseline Plan Supplemented by Baseline Program Risk and Benefits Trades Affordability Make or Buy	~~DAB~~ Sec Def	~~RADB~~ USD(A) *
MILESTONE 3 Baseline Plan Update High Rate Production Threat Validation Test Results Production Cost Verification	~~DAB~~ Sec Def	~~PASB~~ USD(A) *
MILESTONE 4 Baseline Plan Update Logistics Support Updates Facilities Storage Transportation	~~PASB~~ USD (A)	~~SAE~~ USD(A)
MILESTONE 5 Baseline Plan Update Modification Decisions Transition to Reserve Forces Retirements	~~RADB~~ USD(A)	~~SAE~~ USD(A)

* May be delegated to RADB, PASB, or SAE

Tab E

OFFICE OF THE SECRETARY OF DEFENSE

21 OCT 1986

MEMO FOR USD (Acquisition)

Dick,

Attached is our latest draft revision of the USD(A) charter, based on the direction provided by the FY 87 DoD Authorization Act.

After you review, we can send it to the rest of the building for comments. At that time we will also coordinate revised charters for the DDR&E, ASD(C^3I), ASD(P&L), ASD(R&T), ATSD(AE), and SADBU, all of which were provided to you earlier.

Doc

D. O. Cooke
Deputy Assistant Secretary of Defense

Attachment

Department of Defense
DIRECTIVE

NUMBER

SUBJECT: Under Secretary of Defense (Acquisition)

REFERENCES:
(a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
(b) Title 10, United States Code
(c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
(d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
(e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices which govern acquisitions, determining and prioritizing resource requirements, directing the process, internal management control, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense; and the Defense Agencies.

C. RESPONSIBILITIES

The Under Secretary of Defense for Acquisition is the Principal Staff Assistant and advisor to the Secretary of Defense for all matters relating to acquisition; research and development; command, control, communications, and intelligence activities related to acquisition; and procurement and logistics.

1. The USD(A) shall have authority to direct the Secretaries of the Military Departments and the heads of all other DoD organizations with regard to acquisition matters.

2. The USD(A) shall also:

a. serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. set policy for acquisition matters, including procurement, research and development, logistics, developmental testing, and contract administration;

c. set policy for administrative oversight of defense contractors;

d. develop appropriate guidance concerning the auditing of defense contractors;

e. serve as the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (EO) 12352 (reference (e)) and 41 U.S.C. § 401-419 (reference (f));

f. prescribe policies to ensure that audit and oversight of contractor activities are coordinated and carried out in a manner to prevent duplication by different elements of the DoD;

g. serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference; and

h. chair the Defense Acquisition Board (DAB).

3. For each assigned area, the USD(A) shall:

a. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs.

b. Develop systems and standards for the administration and management of approved DoD plans and programs.

c. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States.

d. Review and evaluate recommendations on requirements and priorities.

e. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance.

f. In conjunction with the Assistant Secretary of Defense (Comptroller), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs.

g. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities.

h. Promote coordination, cooperation, mutual understanding of all matters related to assigned activities, both inside and outside of the Department of Defense.

i. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense.

j. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Development test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the NATO Infrastructure program.

E. RELATIONSHIPS

The USD(A) shall take precedence in the DoD on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

1. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority and control over:

(1) the Director of Defense Research and Engineering;

(2) the Assistant Secretary of Defense (Research and Technology), through the Director of Defense Research and Engineering;

(3) the Assistant Secretary of Defense (Procurement and Logistics);

(4) acquisition related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) the Assistant to the Secretary of Defense (Atomic Energy);

(6) the Director of Small and Disadvantaged Business Utilization; and

(7) the Defense Advanced Research Projects Agency, the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, the Defense Nuclear Agency, the Joint Tactical Command, Control and Communications Agency, and the Defense Systems Management College.

(8) acquisition-related intelligence activities of the Defense Intelligence Agency, the National Security Agency/Central Security Service, and the Defense Support Project Office;

(9) acquisition-related intelligence activities of Air Force and Navy special intelligence programs; and

(10) acquisition-related intelligence functions assigned to the Military Departments.

b. Provide technical guidance to the Electromagnetic Compatability Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and Federally Funded Research and Development Centers (FFRDCs).

d. Coordinate and exchange information with other OSD officials and heads of DoD Components exercising collateral or related responsibilities.

e. Use existing facilities and services of the Department of Defense and other Federal agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

2. Other OSD officials and heads of DoD Components shall coordinate with the USD(A) on all matters related to responsibilities and functions assigned in this Directive.

F. AUTHORITIES

The USD(A) is hereby delegated authority to:

1. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to the Military Departments shall be issued through the Secretaries of those Departments, or their designees. Instructions to Unified and Specified Commands shall be issued through the Joint Chiefs of Staff.

2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

3. Communicate directly with the heads of DoD components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the JCS.

4. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

5. Approve, modify, or disapprove acquisition programs, projects and activities of the Military Departments and other DoD Components in assigned fields.

6. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

7. Exercise the authorities contained in enclosure 2 to this Directive.

G. EFFECTIVE DATE

This Directive is effective immediately.

Enclosures - 2
1. References
2. Delegations of Authority

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 12, 1982

(f) 41 U.S.C. § 401-419, "The Office of Federal Procurement policy Act," as amended

(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

(i) DoD Directive 5000.19, "Policies for Management and Control of Information Requirements," March 12, 1976

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DoD Directive 4405.6, April 13, 1968).

2. Exercise responsibilities of the Secretary of Defense under P.L. 93-155, Defense Industrial Reserve Act of 1973 (50 U.S.C. 451 et. seq.) to provide a comprehensive and continuous program for the future safety and for the defense of the United States by providing adequate measures whereby an essential nucleus of government-owned plants and industrial plant equipment is maintained to meet the needs of the Armed Forces in time of a national emergency or in anticipation thereof.

3. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804, an act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

4. Make Secretarial determinations, justifications, and approvals on behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under title 10, United States Code, with the authority to redelegate to the Directors of those agencies, as appropriate.

5. Act for the Secretary of Defense to establish and administer an Industrial Preparedness Program to comply with E.O. 11490, Section 401, paragraphs (7), (9), (12), and (13), October 18, 1969, as amended, and Defense Mobilization Order VII-7 (Revised), in accordance with DoD Directive 4005.1, July 18, 1972.

6. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

7. Act as the DoD Procurement Executive, making determinations and decisions with respect to production end item purchases, contracts, leases, and sales agreements and taking other appropriate actions in the maintenance and monitoring of DoD procurement systems pursuant to E.O. 12352, Federal Procurement Reforms, March 17, 1982.

8. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain countries, pursuant to title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 et. seq.), and E.O. 12260, July 26, 1979.

9. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DoD Directive 4160.21, December 5, 1980.

10. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DoD Directive 4160.25, April 30, 1984.

11. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950, (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army, as prescribed in DoD Directive 4100.21, October 30, 1980.

12. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 5, 1953, as amended by E.O. 12038, February 3, 1978.

13. Establish uniform policies and procedures relating to cataloging and standardization of equipment and supplies under title 10, United States Code, Chapter 145, and other statutes.

14. Implement the agreement between the General Services Administration and the Department of Defense on supply management relationships under the national supply system (DoD Directive 5030.47, May 27, 1971).

15. Act for the Secretary of Defense in the establishment and administration of policy and guidance governing emergency requirements allocations, priorities, and permits for the use of civil transportation within the continental United States (DoD Directive 3005.7, June 5, 1978).

16. Act for the Secretary of Defense in establishing policies and providing guidance to DoD Components concerning the efficient and effective use of DoD and commercial transportation resources and the establishment and operation of Transportation Single Manager Agencies (DoD Directive 4500.9, June 18, 1976).

17. Act for the Secretary of Defense regarding DoD participation in, or initiation of, proceedings before transportation regulatory bodies (DoD Instruction 4500.17, January 16, 1969).

18. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DoD Directive 5126.9, June 18, 1979).

19. Act for the Secretary of Defense as the DoD claimant to other designated Executive Departments and Agencies for petroleum requirements and allocations in an emergency (DoD Directive 4140.25, May 15, 1980).

20. Exercise all responsibilities and authority of the Secretary of Defense under Title 10, United States Code, § 2404 with respect to the acquisition of petroleum.

21. Act for the Secretary of Defense in managing the Competition Advocate Program throughout the Department of Defense (P.L. 98-191, The Office of Federal Procurement Policy Act as amended by P.L. 98-369, The Competition in Contracting Act).

22. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

23. Make the determination required by title 50 United States Code, Section 1512(1), concerning transportation or testing of any lethal chemical or any biological warfare agent.

24. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by title 50 United States Code, Section 1511.

25. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal Advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

26. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

27. Act for the Secretary of Defense to make appropriate supporting determinations and execute leases under title 10, United States Code, Section 2667.

Tab F

Department of Defense
DIRECTIVE

w/ Oct 6 [illegible]

NUMBER

SUBJECT: Under Secretary of Defense (Acquisition)

REFERENCES:
(a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
(b) Title 10, United States Code
(c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
(d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
(e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to the authority vested in the Secretary of Defense under reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Acquisition. As it pertains to the responsibilities and functions of the USD(A), includes the establishment of objectives and priorities; determination of needs; concept formulation, exploration, demonstration, and validation; research, engineering, and development; testing and evaluation; contracting; production; procurement, and the management of introduction into use. of what?

requirements

[illegible] equipment, facilities and services required [illegible] DoD

maintenance and storage

28. Act for the Secretary of Defense in the implementation of OMB Circular A-76, "Performance of Commercial Activities," as revised, August 4, 1983.

29. Pursuant to pertinent provisions of title 10, United States Code, establish and grant waivers to uniform policies and procedures and review and approve programs and specific projects of DoD Components relating to the design, acquisition, construction, operation, maintenance, and disposal of DoD facilities, and the protection of the natural environment in and around DoD facilities.

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense; and the Defense Agencies.

[illegible]

C. RESPONSIBILITIES

[illegible]

The Under Secretary of Defense for Acquisition is the Principal Staff Assistant and advisor to the Secretary of Defense for all matters relating to [illegible] acquisition, research and development, test ~~and~~ evaluation, [illegible] ~~command, control, communications, and intelligence, and logistics~~. [illegible]

1. The USD(A) also serves as:

a. the Defense Acquisition Executive with responsibility for supervising the performance of the DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (EO) 12352 (reference (e)) and 41 U.S.C. § 401-419 (reference (f));

c. the National Armaments Director and Secretary of Defense representative to the Four Power Conference.

d. the Chair of the Joint Requirements and Management Board (JRMB).

2. For each assigned area, the USD(A) shall:

a. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs.

b. Develop systems and standards for the administration and management of approved DoD plans and programs.

c. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States.

[illegible]

d. Review and evaluate recommendations on requirements and priorities.

e. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance.

f. Review and evaluate the administration and management of (approved) policies, programs, and projects.

g. In conjunction with the Assistant Secretary of Defense (Comptroller), review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs.

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities. which are . . . . (?)

i. Inform appropriate organizations and personnel of new and significant scientific trends or initiatives. ~~[illegible]~~ which are . . . etc (?)

j. Promote coordination, cooperation, mutual understanding of all matters related to assigned activities, both inside and outside of the Department of Defense.

k. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense.

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities, including related warning and reconnaissance activities and those National Programs for which the Secretary of Defense has execution authority.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Scientific and technical information.

6. Production and manufacturing.

7. Industrial base resources and productivity.

8. Force modernization.

9. Development test and evaluation, and operational test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

10. Environmental services.

11. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

12. Codevelopment, coproduction, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

13. Small and disadvantaged business utilization.

E. RELATIONSHIPS

1. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority and control over:

(1) the Director of Defense Research and Engineering;

(2) the Assistant Secretary of Defense (Research and Technology), through the Director of Defense Research and Engineering;

(3) the Assistant Secretary of Defense (Procurement and Logistics);

(4) the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) the Assistant to the Secretary of Defense (Atomic Energy);

(6) the Director of Operational Test and Evaluation;

(7) the Director of Small and Disadvantaged Business Utilization;

(8) the Defense Advanced Research Projects Agency, the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, the Defense Nuclear Agency, the Joint Tactical Command, Control and Communications Agency, and the Defense Systems Management College.

? meaning & difference direct [illegible]

Control acquisition
acquisition execution
How directing intelligence
in Service? NRO?

b. Exercise staff supervision over:

(1) the Defense Intelligence Agency, the National Security Agency/Central Security Service, and the Defense Support Project Office;

(2) Air Force and Navy special intelligence programs; and

(3) Defense communications and intelligence functions assigned to the Military Departments.

c. Provide technical guidance to the Electromagnetic Compatability Analysis Center.

d. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, and Federally Funded Research and Development Centers (FFRDCs).

e. Coordinate and exchange information with other OSD officials and heads of DoD Components exercising collateral or related responsibilities.

f. Use existing facilities and services of the Department of Defense and other Federal agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

2. Other OSD officials and heads of DoD Components shall coordinate with the USD(A) on all matters related to responsibilities and functions assigned in this Directive.

F. AUTHORITIES

The USD(A) is hereby delegated authority to:

1. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). ? Instructions to the Military Departments shall be issued through the Secretaries of those Departments, or their designees. Instructions to Unified and Specified Commands shall be issued through the Joint Chiefs of Staff.

2. Obtain reports, information, advice, and assistance, consistent with DoD Directive 5000.19 (reference (i)), as necessary in carrying out assigned functions.

3. Communicate directly with the heads of DoD components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the JCS.

4. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

5. Approve, modify, or disapprove research and development, environmental services, and acquisition programs and projects of the Military Departments and other DoD Components in assigned fields.

6. Communicate with other government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

7. Exercise the authorities contained in enclosure 2 to this Directive.

G. EFFECTIVE DATE

This Directive is effective immediately.

Enclosures - 2
1. References
2. Delegations of Authority

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 12, 1982

(f) 41 U.S.C. § 401-419, "The Office of Federal Procurement policy Act," as amended

(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986

(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980

(i) DoD Directive 5000.19, "Policies for Management and Control of Information Requirements," March 12, 1976

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DoD Directive 4405.6, April 13, 1968).

2. Exercise responsibilities of the Secretary of Defense under P.L. 93-155, Defense Industrial Reserve Act of 1973 (50 U.S.C. 451 et. seq.) to provide a comprehensive and continuous program for the future safety and for the defense of the United States by providing adequate measures whereby an essential nucleus of government-owned plants and industrial plant equipment is maintained to meet the needs of the Armed Forces in time of a national emergency or in anticipation thereof.

3. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804, an act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

4. Make Secretarial determinations, justifications, and approvals on behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under title 10, United States Code, with the authority to redelegate to the Directors of those agencies, as appropriate.

5. Act for the Secretary of Defense to establish and administer an Industrial Preparedness Program to comply with E.O. 11490, Section 401, paragraphs (7), (9), (12), and (13), October 18, 1969, as amended, and Defense Mobilization Order VII-7 (Revised), in accordance with DoD Directive 4005.1, July 18, 1972.

6. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

7. Act as the DoD Procurement Executive, making determinations and decisions with respect to production and item purchases, contracts, leases, and sales agreements and taking other appropriate actions in the maintenance and monitoring of DoD procurement systems pursuant to E.O. 12352, Federal Procurement Reforms, March 17, 1982.

8. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain countries, pursuant to title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 et. seq.), and E.O. 12260, July 26, 1979.

9. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DoD Directive 4160.21, December 5, 1980.

10. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DoD Directive 4160.25, April 30, 1984.

11. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950, (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army, as prescribed in DoD Directive 4100.21, October 30, 1980.

12. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 5, 1953, as amended by E.O. 12038, February 3, 1978.

13. Establish uniform policies and procedures relating to cataloging and standardization of equipment and supplies under title 10, United States Code, Chapter 145, and other statutes.

14. Implement the agreement between the General Services Administration and the Department of Defense on supply management relationships under the national supply system (DoD Directive 5030.47, May 27, 1971).

15. Act for the Secretary of Defense in the establishment and administration of policy and guidance governing emergency requirements allocations, priorities, and permits for the use of civil transportation within the continental United States (DoD Directive 3005.7, June 5, 1978).

16. Act for the Secretary of Defense in establishing and administering policy guidance for DoD Components concerning the efficient and effective use of DoD storage and warehousing resources (DoD Directive 4145.19, August 13, 1975).

17. Act for the Secretary of Defense in establishing policies and providing guidance to DoD Components concerning the efficient and effective use of DoD and commercial transportation resources and the establishment and operation of Transportation Single Manager Agencies (DoD Directive 4500.9, June 18, 1976).

18. Act for the Secretary of Defense regarding DoD participation in, or initiation of, proceedings before transportation regulatory bodies (DoD Instruction 4500.17, January 16, 1969).

19. Act for the Secretary of Defense in carrying out DoD responsibilities relating to federal aviation matters (DoD Directive 5030.19, August 6, 1971).

20. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DoD Directive 5126.9, June 18, 1979).

21. Act for the Secretary of Defense as the DoD claimant to other designated Executive Departments and Agencies for petroleum requirements and allocations in an emergency (DoD Directive 4140.25, May 15, 1980).

22. Exercise all responsibilities and authority of the Secretary of Defense under Title 10, United States Code, § 2404 with respect to the acquisition of petroleum.

23. Serve for the Secretary of Defense as the primary DoD focal point for energy matters and establish an office to discharge this responsibility in accordance with Deputy Secretary of Defense Memorandum, January 21, 1974, as amended by Secretary of Defense Memorandum, December 4, 1982.

24. Exercise all responsibilities and authority of the Secretary of Defense under title 10, United States Code, Section 2404, with respect to the acquisition of petroleum.

25. Act for the Secretary of Defense to approve the disposal of foreign excess property for substantial benefits or the discharge of claims when it is determined to be in the interest of the United States (DoD Instruction 4160.24, July 24, 1981).

26. Act for the Secretary of Defense in managing the Competition Advocate Program throughout the Department of Defense (P.L. 98-191, The Office of Federal Procurement Policy Act as amended by P.L. 98-369, The Competition in Contracting Act).

27. Act for the Secretary of Defense for (oversight) of the Defense Acquisition Improvement Program as Defense Acquisition Improvement Executive.

28. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

[illegible]

29. Oversee, in accordance with Secretary of Defense Memorandum, August 17, 1981, matters associated with the safety, security, and survivability of the nuclear and chemical stockpile and related to the planning for modernization and upgrading of the overall nuclear and chemical weapons program.

30. Make the determination required by title 50 United States Code, Section 1512(1), concerning transportation or testing of any lethal chemical or any biological warfare agent.

31. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by title 50 United States Code, Section 1511.

32. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal Advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

33. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

APPENDIX III

Department of Defense
DIRECTIVE

February 10, 1987
NUMBER 5134.1

ASD(C)

SUBJECT: Under Secretary of Defense (Acquisition)

References:
- (a) DoD Directive 5129.1, "Under Secretary of Defense for Research and Engineering," November 19, 1985 (hereby canceled)
- (b) Title 10, United States Code
- (c) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986
- (d) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
- (e) through (i), see enclosure 1

A. PURPOSE

This Directive cancels reference (a) and, pursuant to reference (b), assigns responsibilities, functions, relationships, and authorities as prescribed herein, to the Under Secretary of Defense (Acquisition) (USD(A)).

B. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. DoD Components. The Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Office of the Inspector General, Department of Defense (OIG, DoD); Defense Agencies; and DoD Field Activities.

C. RESPONSIBILITIES

The Under Secretary of Defense for Acquisition (USD(A)) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the acquisition system; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement.

1. The USD(A) shall:

a. Serve as the Defense Acquisition Executive with responsibility for supervising the performance of the entire DoD acquisition system in accordance with the policies, provisions, and authorities contained in DoD Directive 5000.1 (reference (c)) and Office of Management and Budget (OMB) Circular No. A-109 (reference (d));

b. Develop policy for acquisition plans and strategies, validate program acquisition requirements, and develop acquisition program guidance;

c. Set policy for acquisition matters, including contracting, research and development, production, construction, logistics, developmental testing, procurement, and training and career development of acquisition personnel;

d. Set policy for administrative oversight of defense contractors;

e. Serve as the DoD Procurement Executive, with responsibilities as prescribed in Executive Order (E.O.) 12352 (reference (e)) and 41 U.S.C. 401-419 (reference (f));

f. The IG, DoD shall coordinate audit and oversight of contractor activities with the USD(A) to prevent duplication of effort within the Department and unnecessary duplicative oversight of contractors.

g. Serve as the National Armaments Director and Secretary of Defense representative to the Four Power Conference. Develop memoranda of agreements and memoranda of understandings with friendly and allied nations relating to acquisition matters; and

h. Chair the Defense Acquisition Board (DAB) assisted by an integrated structure of councils and committees that relate to the acquisition process.

2. For each assigned area, the USD(A) shall:

a. Direct planning and special studies to analyze and evaluate the technical, economic, and military worth of programs in the acquisition system;

b. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on DoD plans and programs;

c. Develop systems and standards for the administration and management of approved DoD acquisition plans and programs;

d. Develop plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives, and to ensure that programs and systems are designed to accommodate cross-Service operational requirements and promote modernization, consistent with the readiness, sustainability, and efficiency of the Armed Forces of the United States and its allies;

e. Review and evaluate recommendations on requirements and priorities;

f. Review and evaluate DoD Component plans and programs to ensure adherence to approved policies, standards, and resource planning guidance;

g. In conjunction with the Assistant Secretary of Defense (Comptroller) (ASD(C)) and Director of Program Analysis and Evaluation, review proposed resource programs, formulate budget estimates, recommend resource allocations, and monitor the implementation of approved resource programs;

h. Fulfill planning, programming, and budgeting activities relating to USD(A) responsibilities;

i. Promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside the Department of Defense;

j. Serve as primary focal point and principal spokesman for the Department of Defense and serve on boards, committees, and other groups pertaining to assigned functional areas, and represent the Secretary of Defense on USD(A) matters outside the Department of Defense;

k. Develop and maintain information management and reporting systems; and

l. Perform such other duties as the Secretary of Defense may prescribe.

D. FUNCTIONS

The USD(A) shall carry out the responsibilities described in section C., above, for the following functional areas:

1. Acquisition management.

2. Basic and applied research, design and engineering, and the development of weapon systems.

3. Command, control, communications, and intelligence programs, systems, and activities related to acquisition.

4. Logistics management, to include supply systems, spares program management, items standardization, transportation, energy, warehousing, distribution, and related activities.

5. Procurement activities.

6. Scientific and technical information.

7. Production and manufacturing.

8. Industrial base resources and productivity.

9. Force modernization.

10. Developmental test and evaluation, as defined in DoD Directive 5000.3 (reference (g)), and review and approval of the Test and Evaluation Master Plan.

11. Environmental services.

12. Assignment and reassignment of research and engineering and acquisition responsibility for programs, systems, and activities.

13. Codevelopment, coproduction, logistics support, and research interchange with friendly and allied nations, in coordination with the Under Secretary of Defense for Policy.

14. Installation management.

15. Construction, including construction funded by host nations under the North Atlantic Treaty Organization (NATO) Infrastructure program.

E. AUTHORITIES AND RELATIONSHIPS

1. The USD(A) shall take precedence in the Department of Defense on acquisition matters after the Secretary and Deputy Secretary of Defense. On all other matters, the USD(A) shall take precedence after the Secretary and Deputy Secretary of Defense and the Secretaries of the Military Departments.

2. The USD(A) shall direct the Secretaries of the Military Departments and Heads of other DoD Components on policy, procedure, and execution of the acquisition system. This includes responsibility for the development, management, supervision, and evaluation of acquisition systems and processes.

3. The Secretary/Deputy Secretary of Defense shall make decisions on acquisition milestones and resource matters, based on recommendations by the USD(A). The USD(A) shall prepare the documentation that reflects the Secretary/Deputy Secretary of Defense milestone decisions. These decisions shall be executed through the USD(A) for implementation by the Heads of DoD Components.

4. In the performance of assigned functions, the USD(A) shall:

a. Exercise direction, authority, and control over activities reporting directly to that official. These include:

(1) The Director of Defense Research and Engineering;

(2) The Assistant Secretary of Defense (Research and Technology);

(3) The Assistant Secretary of Defense (Acquisition and Logistics);

(4) Acquisition-related activities of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence);

(5) The Assistant to the Secretary of Defense (Atomic Energy);

(6) The Director of Small and Disadvantaged Business Utilization; and

(7) The Defense Advanced Research Projects Agency, the Defense Communications Agency, the Defense Logistics Agency, the Defense Mapping Agency, the Defense Nuclear Agency, and the Defense Systems Management College.

[Committee note: see the note on page 6 of the Directive for the text of the material deleted by the amendment of April 9, 1987].

# First amendment (Ch 1, 4/9/87)

b. Provide technical guidance for utilization of the Electromagnetic Compatibility Analysis Center.

c. Provide policy guidance, goal setting, and management supervision for the Logistics Systems Analysis Office, Defense Logistics Studies Information Exchange, Defense Management Journal, Defense Materiel Specifications and Standards Office, Product Engineering Service Office, Weapon Support Improvement and Analysis Office, Defense Housing Management Systems Office, Defense Base Operations Analysis Office, and utilization of Federally Funded Research and Development Centers (FFRDCs).

d. Use existing facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance among modernization, readiness, sustainability, efficiency, and economy.

5. The USD(A) shall also:

a. Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1-M (reference (h)), that implement policies approved by the Secretary of Defense in the functions assigned to the USD(A). Instructions to Unified and Specified Commands shall be issued through the Chairman of the Joint Chiefs of Staff (CJCS).

b. Obtain reports, information, advice, and assistance, consistent with DoD Directive 7750.5 (reference (i)), as necessary in carrying out assigned functions.

c. Communicate directly with the Heads of DoD Components. Communications to Commanders of the Unified and Specified Commands shall be coordinated through the CJCS.

d. Establish arrangements for DoD participation in nondefense governmental programs for which the USD(A) is assigned primary DoD cognizance.

e. Communicate with other Government Agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

f. Coordinate and exchange information with other OSD and DoD officials exercising collateral or related responsibilities.

g. Exercise the delegations of authority contained in enclosure 2 to this Directive.

6. Other OSD officials and Heads of DoD Components shall coordinate with the USD(A) on all matters related to authorities, responsibilities, and functions assigned in this Directive.

First amendment (Ch 1, 4/9/87)

F. EFFECTIVE DATE

This Directive is effective immediately.

William H. Taft, IV
Deputy Secretary of Defense

Enclosures - 2
1. References
2. Delegations of Authority

[Committee note: as originally issued on February 10, 1987, section E contained the following paragraph, which was deleted on April 9, 1987:

"4. Where agreement on acquisition matters cannot be reached between the USD(A) and the Secretaries of the Military Departments, the matter shall be presented jointly to the Secretary/Deputy Secretary of Defense for resolution."]

REFERENCES, continued

(e) Executive Order 12352, "Federal Procurement Reforms," March 17, 1982
(f) Title 41, United States Code, Sections 401-419, "The Office of Federal Procurement Policy Act," as amended
(g) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
(h) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, October 16, 1980
(i) DoD Directive 7750.5, "Management and Control of Information Requirements," August 7, 1986

DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the USD(A), or in the absence of the USD(A), the person acting for the USD(A) is hereby delegated authority to exercise, within his assigned responsibilities and functional areas, all authority of the Secretary of Defense derived from statute, executive order, and interagency agreement, except where specifically limited by statute or executive order to the Secretary of Defense, to include but not limited to:

1. Exercise all authorities delegated to the Secretary of Defense by the International Trade Commission, Department of Commerce BDSA Del. No. 1, as amended (DoD Directive 4405.6, July 8, 1986).

2. Act for the Secretary of Defense in the exercise of extraordinary contractual action authority under P.L. 85-804--an Act to authorize the making, amendment, and modification of contracts to facilitate the national defense, August 28, 1958, in accordance with E.O. 10789, November 14, 1958, as amended, and Part 50 of the Federal Acquisition Regulation.

3. Make Secretarial determinations, justifications, and approvals on behalf of the Defense Advanced Research Projects Agency (DARPA), Defense Communications Agency (DCA), Defense Logistics Agency (DLA), Defense Mapping Agency (DMA), and the Defense Nuclear Agency (DNA) under Title 10, United States Code, with the authority to redelegate to the Directors of those Agencies, as appropriate.

4. Act for the Secretary of Defense in the establishment and granting of waivers under the Buy American Act (41 U.S.C. 10a-10b).

5. Act for the Secretary of Defense on delegations of authority to him by the U.S. Trade Representative to waive the prohibition against procurement from certain countries, pursuant to Title 3, P.L. 96-39, Trade Agreements Act of 1979 (19 U.S.C. 2511 et. seq.), and E.O. 12260, July 26, 1979.

6. Act for the Secretary of Defense in the exercise of authority delegated by the Administrator of General Services to dispose of surplus personal property and to waive prescribed demilitarization requirements under DoD Directive 4160.21, December 5, 1980.

7. Make determinations with respect to the donation of surplus personal property to educational activities of special interest to the Armed Forces of the United States as prescribed in DoD Directive 4160.25, April 30, 1984.

8. Act for, and exercise the powers of, the Secretary of Defense concerning requests for waiver of the navigation and vessel inspection laws of the United States under P.L. 891, 81st Congress, 2nd Session, December 27, 1950, (64 Stat. 1120), except on those matters that have been delegated by the Secretary of Defense to the Secretary of the Army.

9. Make recommendations to the Department of Energy in connection with facilities for transmission of electric energy and natural gas across borders of the United States, pursuant to the authority given the Secretary of Defense in E.O. 10485, September 3, 1953, as amended by E.O. 12038, February 3, 1978.

10. Act for the Secretary of Defense in the field of transportation and traffic management under Section 201(a), Title 11, of the Federal Property and Administrative Services Act of 1949, June 30, 1949, as amended (40 U.S.C. 481(a)) (DoD Directive 5126.9, June 18, 1979).

11. Act for the Secretary of Defense as the DoD claimant to other designated Executive Departments and Agencies for petroleum requirements and allocations in an emergency (DoD Directive 4140.25, May 15, 1980).

12. Exercise all responsibilities and authorities of the Secretary of Defense under Title 10, United States Code, Section 2404 with respect to the acquisition of petroleum.

13. Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, "Major System Acquisitions," April 5, 1976.

14. Make the determination required by Title 50, United States Code, Section 1512(1), concerning transportation or testing of any lethal chemical or any biological warfare agent.

15. Submit the annual report to Congress on funds obligated in the chemical warfare and biological defense research programs, required by Title 50, United States Code, Section 1511.

16. Act for the Secretary of Defense for ensuring compliance with P.L. 92-463, the Federal Advisory Committee Act (5 U.S.C. Appendix), and make written determinations for conduct of all closed meetings of Federal Advisory Committees under his cognizance as prescribed by Section 10(d) of the Act, (5 U.S.C. Appendix, 10(d)).

17. Act for the Secretary of Defense as the primary OSD interface with the Defense Policy Advisory Committee on Trade.

18. Act for the Secretary of Defense to make appropriate supporting determinations and execute leases under Title 10, United States Code, Section 2667.

19. Act for the Secretary of Defense in the implementation of OMB Circular A-76, "Performance of Commercial Activities," as revised, August 4, 1983.

* 20. With the exception of the determination of highly sensitive classified programs, *
* which is retained by the Secretary of Defense, exercise the responsibilities and *
* authorities of the Secretary of Defense to designate major defense acquisition *
* programs, as defined in Title 10, United States Code, Section 2430. *

The USD(A) may redelegate these authorities, as appropriate, except as otherwise specifically indicated above or prohibited by law or regulation.

APPROVED:

Deputy Secretary of Defense

# First amendment (Ch 2, 9/1/87)